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WORLD ECONOMY AND INTERNATIONAL RELATIONS

No 9, September 1985

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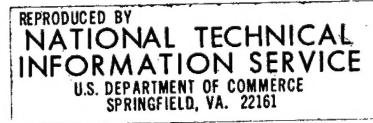
USSR REPORT

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**USSR REPORT**  
**WORLD ECONOMY AND INTERNATIONAL RELATIONS**

No 9, September 1985

Except where indicated otherwise in the table of contents the following is a complete translation of the Russian-language monthly journal MIROVAYA EKONOMIKA I MEZHDUNARODNNYE OTNOSHENIYA published in Moscow by the Institute of World Economy and International Relations, USSR Academy of Sciences.

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## ENGLISH SUMMARY OF MAJOR ARTICLES

Moscow MIROVAYA EKONOMIKA I MEZHDUNARODNYYE OTNOSHENIYA in Russian No 9,  
Sep 85 pp 158-159

[Text] The article "With a General Line to a Common Goal" by A. Grabovskiy is dedicated to the regular 40th meeting of the Session of the Council for Mutual Economic Assistance in Warsaw on 25-27 June 1985. This meeting discussed the ways to implement the decisions of the Moscow summit aimed at the fulfillment of the strategic task: to attain in the shortest possible period the highest peaks of science and technology, the highest level of labor productivity based on a broad, well-balanced program for the deepening of the economic and scientific and technological cooperation of the fraternal countries which is the cardinal factor of their strategy. The Session firmly confirmed that the measures determined by it will serve the successful fulfillment of the decision of the economic summit, the further economic and social development of the CEMA countries, the consistent deepening and perfection of mutual cooperation for the sake of peace and progress. The Session pointed out that the achievements of these tasks is taking place at a time when the economic policy of the CEMA countries is considerably progressing and their national plants are being coordinated. The Session laid special stress on the fact that the main obstacle to the imperialist plans which threaten the course of peace and aim at escalating international tension and subverting normal international relations is the unity and cooperation of the socialist community, its mighty economic and defense potential. The 40th CEMA Session once again confirmed the unity of views of its participants.

The article "Course of Friendship, Trust and Cooperation" by Yu. Komissarov is dedicated to the 85th birth anniversary of Urho Kaleva Kekkonen. The author notes that complexity and contradictoriness of the present day world demand wisdom, foresightedness and realism on the part of the statesmen. All these qualities are needed to realize correctly the interests of their countries, to see that they meet the objective realities and demands of international life and effectively serve them. Without this it is impossible to step over the dogmas of the cold war and ideological preconception, to pursue a mutually beneficial and equal cooperation between East and West. It is necessary to see clearly that irrespective of deep distinctions in ideology and social systems peaceful coexistence, cooperation, detente are the only rational choice, the only way to avoid a new world war. Precisely these qualities made U.K. Kekkonen an exceptionally prominent figure in the history of Finland and ensures him an honorable place among prominent statesmen. He became an architect of an active

policy of peace which has won international recognition and secured the country a high prestige the world over. Finland has for forty years been acting as a truly independent state, contributing to detente, cooperation and mutual understanding among nations.

N. Vladimirov in the article "Policy of Japan in Asian-Pacific Region: Alarming Aspects" notes that this region is the most rapidly developing zone of the capitalist world with Japan playing the leading economic role. In recent years Japan's extensive foreign economic expansion in all directions has been accompanied by even more notable militarist trends in its internal and external policy which give rise to particular anxiety both in the Asian-Pacific region and the world over. Forty years after the end of the second world war an imminent threat of thermonuclear catastrophe is looming over humanity as a result of the hegemonist plans and aggressive activities of American imperialism. One of the most urgent tasks is to ensure peace and security in the region which is of prominent importance in the world economy and international relations. The article notes that Japan should play a constructive role in maintaining peace and security in the region as the lessons of the past demand. Regretfully one witnesses alarming elements in its Asian-Pacific policy.

The article "Enterprise of the International Seabed Authority" by I. Vanin and V. Golubkov concentrates on a new phenomenon in international relations i.e. the idea of establishing the Enterprise in accordance with decisions adopted in 1982 by the Third United Nations Conference on the Law of the Sea. The Enterprise will become the first, in the history of mankind, international business organization which will be called upon to realize the joint exploitation of the Ocean resources and the sharing of financial and other economic benefits derived from activities in the seabed area. The authors consider the main problems of the establishment of the Enterprise, the positions of groups of states and prospects of achieving a final understanding with a view to provide the Enterprise with financial funds and technology.

K. Gadzhiev in the article "Certain Trends in the Present-Day Bourgeois Ideology" considers the latest changes and trends of state-monopoly capitalism in the second half of the 1970's and the beginning of the 1980's and their impact on the ideological and political orientation of different groups of the ruling class. The fundamental idea of the article is to show that the crisis of capitalism which has spread over the socioeconomic, political, cultural and spiritual spheres of the capitalist countries have brought about structural changes in the economy as well as in the superstructural institutes of state-monopoly capitalism. These changes in their turn introduced certain new elements into the main ideological and political structures which dominated the bourgeois ideology in the postwar decades. The author arrives at the conclusion that in conditions of the noticeable erosion of the dividing line between the traditional ideology of the ruling class, namely between liberalism and conservatism, the representatives of different fractions of the bourgeoisie of developed capitalist countries have set out to find new ideological and political paradigms and socio-political strategy.

The most important feature of the West European imperialism is its multifacetedness. Since V.I. Lenin identified five characteristics of imperialism and traced the particulars of imperialist development in various countries, the economic theory of imperialism and its actual evolution have changed to a considerable extent. Nevertheless, states V. Shenayev in the paper "The Particulars of the

State Monopoly Capitalism in Western Europe," Lenin's ingenious conclusions preserve their essential value nowadays. According to Lenin's logic of analysis the author consequently highlights the processes of production and capital concentration in Western Europe, describes the noteworthy shifts in the evolution of banking, taking the perspective of national and transnational banking activity. The comparative study of similar tendencies in the U.S.A. and Japan gain special importance. Under the examinations are also the issues of the export of capital from the West European countries, which reoriented towards the industrial world after the collapse of the imperialist colonial system. Alongside with the intensification of capital flows within the West European region, the countries of Western Europe strive for the reestablishment of the new system of interdependence with the developing countries. The author notes that while Western Europe is behind the U.S.A. in the dimensions of micro-regulation, the West European countries enjoy the advantages of the highly developed macro-regulation, when the bourgeois state is a great support for the national companies at home and in world economy. The author estimates the current changes in the economic and political thinking, arriving to the conclusion that they reflect the economic and political realities and also the regional and national specific features of theoretical work.

I. Sheyman in the article "Scientific and Technical Progress and New Forms of Economic Servicing" traces the evolution of the comparatively new field of economic activity namely production servicing. The U.S. most spectacular services' profile is chosen for the study. The industry of business services is virtually quite homogeneous. One could assume the following categorization of services providing for the comprehensive preparation of production and continued reproduction. Firstly, there are enterprises "producing" untangible values of social wealth as new scientific knowledge, the adequate technical information, production, innovation and management experience. Secondly, there is a sphere of leasing, xerox and typing services, guarding services, etc. i.e. services providing for the current production needs. All these services vary considerably in function and techniques. The author notes that the services' industry is now in the stage of infancy, but the evidence, relating to the U.S. economy indicates the unprecedented pace of its development. The high dynamism of the economic servicing activity is induced by the complications of the capitalist reproduction, by the social pressures. Here, the technical change plays an essential role. The continued technology advancement given, the corporate demand for the timely procurement of information services, management and innovative patterns, efficient advertising is very high. Many corporations tend to use the advantages of the operative mobilization of production factors through leasing, enjoying credit terms of such operations. The author considers various services, estimates their significance, predicts the most probable path of their further development, stressing the objective trend toward the service-intensive capitalist economy, revealing the negative impact of the capitalist production system of the efficiency of business servicing.

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## RESULTS OF JUNE 1985 CEMA SESSION

Moscow MIROVAYA EKONOMIKA I MEZHDUNARODNYYE OTNOSHENIYA in Russian No 9,  
Sep 85 pp 3-13

[Article by A. Grabovskiy: "Common Course Toward a Single Goal"]

[Text]

I

A meeting of CEMA's highest body--the CEMA session--is held annually in turn in the capitals of the members of this international organization in accordance with its charter. The results of development in the period between sessions are summed up and specific measures in accordance with the strategic directions and goals of cooperation and fraternal interaction are outlined.

Each meeting of the CEMA session is of political and social-economic importance. Political because the members confirm their will to develop and strengthen all-around cooperation on the unshakable basis of Marxism-Leninism and socialist internationalism and because they express a concerted position on a number of important and urgent international policy issues. Social-economic because the decisions of the meeting of the session are exceptionally important for the economic and social life of the members and for strengthening unity between national goals and international ideals on the basis of the tested Leninist principles of fraternal mutual assistance and cooperation.

All this also applies fully to the 40th meeting of the CEMA session, which was held 25-27 June in the Polish capital--Warsaw. Heightened interest was displayed in this meeting for a number of reasons. A year had elapsed since the top-level CEMA economic conference in Moscow, which outlined a long-term program of the further development of the cooperation of the socialist states and their interaction in the main, priority areas of economic and scientific-technical progress. The Warsaw meeting of the council session was a natural continuation of the line elaborated by the economic conference, which initiated a qualitatively new stage of integration processes--the transition to a concerted economic strategy. The participants in the session examined the first results of realization of the decisions of the economic conference aimed at accomplishment of the strategic task--reaching as quickly as possible the foremost scientific-technical positions and the highest level of social labor productivity under the conditions of the further development and intensification of the fraternal countries' economic and scientific-technical cooperation.

The meeting expressed the firm belief that the measures outlined by the session would serve the successful fulfillment of the decisions of the top-level CEMA economic conference, the continued economic and social development of the fraternal countries, the consistent extension and improvement of their mutual cooperation and the cause of peace and progress.

The meeting of the session took place following the first meeting of the CEMA members' communist and workers party central committee secretaries for economic questions which was held in Moscow this May and was aimed at strengthening the collective work of the fraternal parties on realization of the decisions of the economic conference, the further development of cooperation and an exchange of experience of party leadership of economic building.

The CEMA session emphasized the importance of the meeting of the fraternal party central committee secretaries for economic questions. It showed that a strengthening of party influence is capable of accelerating socialist economic integration considerably and ensuring more in-depth study of the practice of one another's economic building and the use of the fraternal countries' best achievements for an increase in the efficiency of the economy and an acceleration of the rate of development.

There was a meeting of leaders of the Warsaw Pact states at the end of April in Warsaw which extended this most important collective allied friendship, cooperation and mutual assistance treaty for 20 years with its subsequent prolongation for a further 10 years. In the current international situation, when reactionary Western circles are gambling on achieving military superiority over the socialist community, when all types of offensive arms are being built up at an accelerated pace and plans for the militarization of space are being developed in the United States and when revanchist forces are attempting to call in question the Yalta and Potsdam agreements and the territorial realities in Europe, it is particularly important to strengthen the political and defensive alliance of the fraternal countries--the Warsaw Pact. It serves as a reliable guarantor of the security and indissolubility of the borders of the socialist community states and a guarantor of their peaceful creative labor.

The communique of the 40th meeting of the CEMA session emphasizes that the main barrier in the way of the aspirations of imperialism, which are dangerous for the cause of peace and which are aimed at exacerbating international tension and undermining normal international economic relations, is the community of socialist countries and their strong economic and defense potential. Strengthening their unity and interaction, the CEMA members will continue to adopt all necessary measures for the defense of their vital interests and the further strengthening of technical-economic independence.

The 40th meeting of the CEMA session was held in the year of the 40th anniversary of the victory over Hitler fascism and Japanese militarism. The session had every reason to stress that the smashing of fascism and the victorious completion of the war were an event of critical, world-historical significance. Revolutionary processes accelerated in a whole number of countries, the world socialist system emerged and the community of socialist states was formed and is developing successfully.

And, finally, the heightened interest in the 40th meeting of the CEMA session and the results of the constructive exchange of opinions in Warsaw is connected with the fact that the socialist community countries are at a new stage of development. Preparations for forthcoming congresses of the leading communist and workers parties are under way in a number of states, and such congresses have already been held in some. The majority of countries has embarked on the final phase of realization of the 5-year plans, and the economic frontiers for the impending 5-year period and the longer term, right up to the start of the 21st century, are being determined simultaneously.

The economic situation in the CEMA region has changed markedly. Whereas in the latter half of the 1970's and the first 2 years of the current 5-year plan a decline in the average annual economic growth rate was observed for a whole number of objective and subjective reasons, a pronounced increase therein occurred in 1983 and 1984. Thus in the period 1976-1982 the average annual growth rate of aggregate national income fell to 3.2 percent compared with 6.4 percent in the period 1971-1975 and the industrial growth rate fell to 4.8 percent (1976-1980) compared with 7.7 percent. National income for the CEMA countries as a whole increased 3.8 percent in 1983 compared with 1982, and 3.6 percent in 1984.

It was with good reason that the world community displayed great interest in the Warsaw session. No one any longer doubts that the decisions adopted by CEMA forums exert an appreciable influence on the development of economic processes in various regions of the world. The session noted the successful development of the council's relations with other socialist countries and developing states. The participants in the meeting in Warsaw confirmed their scrupulous position in support of the establishment of normal equal relations with the capitalist states and their economic groupings, particularly with the EEC, in the spirit of the provisions of the Helsinki Final Act. This would correspond to mutual interests, would be material for an improvement in the general situation both on the European continent and in the world as a whole and would successfully promote the healthier development of international economic relations, cooperation and security.

## II

Evaluating the state of affairs in the economy and the available possibilities in considered and constructive manner, the participants in the 40th meeting of the CEMA session concentrated their attention on the problems and tasks which have to be tackled in the immediate future and in the long term, and many plans and programs were oriented, what is more, right up to the 21st century. The main thing to which the participants in the session called attention was the utmost concentration of efforts and an emphatic turnaround in cooperation in the direction of an acceleration of scientific-technical progress. Consistent work is being performed in all the fraternal countries in this field. But life demands its considerable stimulation, the speedier commissioning of potential and the broadening of cooperation.

Paramount significance will be attached to the collectively elaborated composite program of scientific-technical progress for the next three-four 5-year periods. This is to be a program with specific targets and times of fulfillment clearly oriented toward end results. It is essential, N.A. Tikhonov, chairman of the USSR Council of Ministers, observed in his speech, "to ensure the timely and high-quality preparation of the program in order that we may adopt it at the next CEMA session." As the economic conference in Moscow observed, this program will serve as the base for the formulation of a concerted and, in some spheres, uniform scientific-technical policy for the purpose of the speediest solution of most important questions in the sphere of science and technology.

Examining the question of the course of elaboration of this program, the CEMA session drew particular attention to the need for the close linkage of scientific-technical and production cooperation inasmuch as its realization means a transition to new-generation technology and modern techniques and a qualitative renewal of production capital.

Possibilities for the accomplishment of these tasks exist. Huge scientific-technical potential, constituting one-third of the world potential, has been accumulated in the CEMA countries. Approximately 3,000 institutions and organizations participate in scientific-technical cooperation within the CEMA framework. However, the more efficient use of this scientific-technical potential, primarily on the basis of cooperation, is essential. The efficiency of the aggregate scientific-technical potential of the members could be increased appreciably merely to the full realization of the possibilities of the international socialist division of labor in this sphere. Thus, experts estimate, the elimination of the duplication of scientific research and work on introduction would permit the CEMA countries to save R5-7 billion annually.

A number of specific measures, in operating organizational forms included, was elaborated for ensuring the interconnection of scientific-technical and production cooperation, its more effective impact on the intensification of social production and the achievement of the goals outlined in the composite program of scientific-technical progress. Approximately 125 authorized councils, 65 scientific-technical cooperation coordination centers, 3 international institutes, more than 10 international scientist groups, joint laboratories and design bureaus, for example, have been set up as of the present.

The set of measures encompasses economic and organizational-legal changes aimed at an increase in the interest of the production enterprises, works and associations in the accelerated introduction of scientific-technical results in broad-scale production, the increased efficiency of R&D and the application of financial autonomy in the scientific research institutes and design bureaus, the organizational unification of scientific-technical and production capacity within the framework of large-scale industrial organizations and such.

International scientist groups have determined the subject matter of R&D per the concerted priority areas of scientific-technical progress. Such areas, determining the leading elements of the CEMA countries' science-production cooperation, are:

electronization of the national economy based on the extensive application of computers and microprocessors;

comprehensive automation, including flexible automated processes and automated design systems;

development of nuclear energy for the purpose of its extensive introduction in the national economy not only for generating electric power but also for heat-supply needs;

creation and assimilation of new materials (ceramic, polymer and compound materials with preset properties, unique alloys, ultra-pure metals and others) and new production and processing techniques (including new methods of precision casting, plasma processes, laser technology, powder metallurgy and others); and

assimilation of the achievements of biotechnology, mainly for satisfying the requirements of agriculture and medicine and also for bacterial techniques of mineral production.

Much is already being done in these priority areas. In particular, 1,700 new machinery, mechanism and instrument designs, approximately 1,300 production engineering processes and over 1,400 types of new materials, products and preparations have already been created in the course of fulfillment of the plans of the CEMA countries' scientific-technical cooperation. For example, the community countries are manufacturing computer facilities and have created the "Ryad" uniform computer system, which has technical, data and program compatibility, on the basis of a jointly elaborated long-term program. The volume of reciprocal supplies of computers in the period 1981-1985 will have exceeded 15 billion transfer rubles.

By way of realization of the specific aims of the economic conference for accelerating scientific-technical progress reciprocal supplies of machinery and equipment, including new technology and electronics products, have increased considerably and extensive cooperation in terms of industrial robots is being organized on the basis of the fraternal countries' large-scale production specialization and cooperation agreements. Thus, for example, for the purpose of the joint development and production of robotized complexes and flexible automated production systems the governments of the USSR and the CSSR concluded an agreement on the founding of the "Robot" International Scientific-Technical Association. The program of this association provides for joint R&D with the subsequent production of 5 types of automated equipment, 12 types of industrial robots and mechanical arms and also 26 types of robotized complexes. Dozens of Soviet and Czechoslovak science and production organizations are participating in realization of the program.

An important new step forward in this direction was taken in the course of the meeting. The countries concerned--Bulgaria, Hungary, Vietnam, the GDR, Mongolia, Poland, Romania, the USSR and the CSSR and also Yugoslavia--signed a general agreement on multilateral cooperation in the development and organization of the specialized and cooperative production of flexible production systems for engineering and their extensive introduction in the national economy.

A specific program of the organization of cooperation in the creation, assimilation and organization of the specialized and cooperative production of flexible production systems for engineering for the period 1986-1990 and the longer term containing 11 sections was drawn up. These 11 provide for the creation of highly automated equipment systems for various types of production engineering processes in industrial production, transportation and warehousing, unit-modular industrial robots and automated control and design systems and software, specifications and personnel support. The coordinator-countries and almost 160 specific principals, forms of organization and times of the completion of the work have been determined.

The agreement emphasizes that the comprehensive automation of industrial production based on the introduction of flexible production systems is a principal direction of scientific-technical progress. It will promote the intensification of the national economies, labor productivity growth, an improvement in work conditions, economies in labor and material resources, a reduction in the time taken to assimilate new products and a reduction in the production costs and an increase in the quality of the manufactured product. For this purpose the countries are uniting their efforts on the basis of the international socialist division of labor, scientific-technical and production specialization and cooperation and the formulation and implementation of a uniform technical policy in the given sphere. Realization of this agreement will promote a further improvement in the structure and a rise in the technical level of the participating countries' national economy.

All these measures will undoubtedly contribute to the modernization on a new basis of engineering and, via engineering, will make it possible to arrive at the foremost techniques, renew the technical base of the entire national economy and thus increase labor productivity sharply.

The general agreement was prepared by the CEMA Committee for Cooperation in Machine Building, which was transformed from the corresponding permanent commission in accordance with a decision of the top-level CEMA economic conference. The committee's mission includes concentration of cooperation on an expansion of the specialized production of robots and robotized complexes and cooperation in the sphere of the development and manufacture of flexible production systems.

The CEMA session set the council's bodies, primarily the CEMA Committee for Cooperation in Machine Building, the task of the further development of the specialization and cooperation of production, particularly of high-quality modern machinery and equipment at a world technical level. After all, the final say in the retooling of all sectors of the national economy based on scientific achievements belongs to machine building, primarily to its base sectors-- machine-tool building, instrument making, electrical engineering, particularly electronics, the production of computers and robotics. The CEMA Committee for Machine Building is called upon to exercise efficient leadership of the coordinated development of these sectors.

The committee's particular attention will be turned toward specialization and cooperation in the creation and manufacture of most important machines and equipment capable of revolutionizing production, ensuring work in accordance

with advanced techniques, increasing labor productivity many times over and reducing material consumption appreciably. All work here should be organized on the basis of extensive standardization and the application of CEMA standards.

### III

An item on the agenda of the Warsaw meeting of the CEMA session was the question of strengthening the fuel-energy and raw material base of the national economy of all socialist community countries. Its solution, as ensues from the material of the 40th and preceding meetings of the CEMA session and the top-level economic conference, is envisaged in several directions: by way of mobilization of the countries' intrinsic resources on the basis of reciprocal supplies of the appropriate products and also thanks to the utmost economies in and rational use of material resources.

The construction of the Krivoy Rog Mining-Concentrating Works for the production of raw material for metallurgical industry with a capacity of 13 million tons of iron-ore pellets a year has begun. The installation of the first power unit with a capacity of 1 million kilowatt-hours of the Khmelnitskaya AES has entered the final phase, and a power line from this station to Poland has been built. New power units at the Yuzhno-Ukrainskaya AES have been commissioned, and a 750-kilovolt intersystem power line from this station to Romania and Bulgaria is being erected jointly. New power units at nuclear power stations in Hungary and the CSSR have been commissioned. A program for the construction in community countries of nuclear power stations and nuclear-powered heat-supply stations up to the year 2000 is being drawn up. The terms of cooperation on the installation of the Yamburg--USSR western border main gas pipeline approximately 4,600 kilometers long are being coordinated.

The most rational path of solution of the fuel-raw material problem is cooperation in the sphere of economies in material resources. The session examined a complex of measures aimed at the rational consumption of resources and noted that the work on saving energy and material in the CEMA countries in recent years had been assuming an increasingly broad and purposeful nature, and considerable experience has already been accumulated in this sphere. A broad set of measures is being implemented in practically all the socialist community countries in accordance with specially developed programs and, naturally, on the basis of economic and scientific-technical cooperation. And this work is producing impressive results.

Thus in Bulgaria the relative reduction in material expenditure per unit of gross product in 1981-1984 constituted 2.6 percent on average. In Hungary 25-30 percent of the national income increase is being secured in the current 5-year period thanks to a reduction in the material-intensiveness of production. In this same period a reduction in the consumption of the most important types of raw material, fuel and intermediate products of an annual 6.1 percent on average and the proportion of secondary resources in total consumed basic material being increased to 12 percent in 1985 are envisaged in the GDR. In 1984 the consumption of materials in the Republic of Cuba was 2.4 percent less than the planned level, given a growth of the aggregate social product of 7.4 percent. Material resources in a sum total of 200 million tugriks were economized in

Mongolia in the past 4 years. In Poland the material-intensiveness of output in 1984 declined 2.1 percent compared with the preceding year. In Romania unit expenditure of raw material and intermediate products declined on an annual average of 2.5-4 percent and of fuel and energy 7 percent in recent years. Savings of material resources of the order of R15 billion are expected in the USSR in 1981-1985 as a whole, which corresponds to approximately 3 percent of the national income created in 1984. A reduction in the average annual unit consumption of rolled ferrous metal of 5.4 percent and of primary fuel-energy resources of 2.4 percent has been achieved in the CSSR in 4 years of the current 5-year plan.

Despite the positive results which have been achieved, there are still considerable possibilities in this sphere. The rate of the reduction in the energy- and material-intensiveness of production in the CEMA countries is still below the corresponding indicators of the developed capitalist countries. Experience testifies that huge potential for economies in and rationalization of the consumption of material resources is not being used.

As calculations and experience show, spending on measures for the rational use of fuel-energy and raw material resources has a greater effect than investments in their production. Thus spending on measures to economize on these resources is on average two-three times less than expenditure on an increase in the same volume of their production and shipment to the consumers. M.S. Gorbachev emphasized in the report at the CPSU Central Committee meeting on questions of the acceleration of scientific-technical progress that increasing the production of fuel and raw material is increasingly difficult and that the more rational path is economies in every possible way and the extensive introduction of resource-saving technology. The task, which is common for all the CEMA countries, is closely connected with the development of the Soviet Union's extractive sectors inasmuch as it is it which is the main supplier of various kinds of raw material, intermediate products and energy carriers to the socialist community countries.

Without adducing a great number of examples, it may be said that a saving of only 1 gram of standard fuel in the generation of 1 kilowatt-hour of electric power at heat and electric power plants and a 1-percent reduction in losses thereof in the power networks would make it possible to save approximately 2 million tons of standard fuel in the current 5-year plan in the CEMA countries as a whole.

Thus it may be said that the cheapest source of resources is economies. However, economies are not intensification. Any saving based on economic and organizational solutions, given the present technology, is always finite and has its limits. Savings connected with new scientific-technical solutions are a different matter. In other words, at a certain stage economies in resources require new scientific-technical solutions. And these savings will be of qualitatively different significance and will entail additional outlays. The proposition "greater results with the existing outlays" is right when it is a question of manifest reserves, however, when investing resources in new equipment and technology is required, a precise calculation of efficiency and the maneuvering of resources are essential.

As an example we may refer to the experience of the GDR, where even at a price of the preservation and deliberate maintenance of certain disproportions in the economy preference in development is being given microelectronics. It is this which is now having a growing impact on all spheres and sectors of production. The microprocessor is becoming no less mass and all-purpose for engineering sectors than, for example, the bearing or electric motor. Scientists from the GDR have calculated that microelectronics constitutes 1 percent of the country's industrial production, but the products of this sector will at the end of the 1980's be exerting a determining influence on half of industry's entire machinery pool.

At the same time, however, it should be considered that even given the constant introduction of equipment and technology which is continuously being renewed, at each stage of this process savings have their limits, albeit at a fundamentally different quality level. However, the question is not as simple as it appears at first sight. After all, it is a question of relatively new sources of energy and resources and new compound materials, but if the savings in terms of end results are considered, there could be a constant reduction in attendant energy consumption. It should also be borne in mind that the transition to the use of new sources of energy (solar, geothermal, wind, tidal, nuclear and thermonuclear and others) will have a more favorable influence on the ecological situation. But, as already mentioned, savings based on current technical-organizational solutions are finite. For this reason it is perfectly probable that in the very near future even expenditure on economizing technical-organizational measures will be less efficient than the production of energy based on new sources thereof and than the recovery of raw material using new techniques (including biotechnology), particularly if it is considered that each subsequent percentage saving will be more costly than the last.

Proceeding from the fact that the commissioning of such intensification potential as resource-saving is easier to accomplish on the basis of collective efforts and the use of the experience of the fraternal countries, the 40th meeting of the session adopted a program of the CEMA members' cooperation in economies in and the rational use of material resources for the period up to the year 2000. This program was elaborated in accordance with the decisions of the economic conference in Moscow and also the 1983 and 1984 meetings of the CEMA session.

The preparation of the program was preceded by a great deal of work performed by the CEMA bodies and members. This ensured the comprehensiveness of the outlined measures, of which 117 are provided for, made it possible to tie them in closely with the targets of the national resource-saving programs and contributed to the creation of the conditions for the fraternal countries' more purposeful, larger-scale interaction. The program incorporates the majority of measures drawn up with regard for the main directions of the expansion and improvement of the CEMA countries' cooperation for the economical and rational use of fuel-energy and raw material resources, secondary included, which were approved by the 37th meeting of the CEMA session.

The measures envisaged by the program are of an economic, scientific-technical and organizational nature. Their participants and specific fulfillment times have been determined and indicators of technical-economic efficiency and, in respect of certain measures, approximate expenditure have been adduced.

The program reflects an urgent task of the present day--the need for the acceleration of scientific-technical progress--and the majority of the measures for economies in and rationalization of the use of material resources is based precisely on the foremost achievements of science and technology.

The program provides for the development, organization of the manufacture and introduction of new energy- and material-saving machinery, equipment and instruments, control apparatus, automated systems, progressive economical techniques, new materials and new, lightweight structures corresponding to the world level, the more extensive use of secondary resources and production waste and renewable sources of energy and the replacement of liquid fuel by solid and gas fuel. The exchange of advanced experience in the sphere of economies in material resources and its extensive propaganda have not been forgotten.

The first step in the direction of realization of the program has already been taken. In the course of the meeting of the CEMA session Bulgaria, Hungary, the GDR, Cuba, Poland, Romania, the USSR and the CSSR signed a general agreement on multilateral cooperation in the use of natural gas as motor fuel for transport facilities which determines not only measures and cooperating organizations but also specific times of the assimilation of the series production of equipment, machinery and mechanisms.

The program will be implemented by way of the CEMA countries' pursuit of an active concerted resource- and energy-saving policy based on an acceleration of scientific-technical progress in all elements of the national economy; the utmost economies in fuel, energy and raw material, an appreciable reduction thanks to this in the specific energy consumption of national income and an acceleration of technical progress in sectors of the fuel-energy complex and mining, metallurgical, chemical and metal-working industry; the accelerated development of nuclear energy for the generation of electric and thermal energy, which will make it possible to release a considerable quantity of organic fuel; the creation of the technical and material base of the specialized and cooperative production of equipment for the use of nontraditional renewable energy sources; and so forth.

In particular, the organization and specialized and cooperative production of economical energy equipment whose installation in operating thermal power stations will make it possible to reduce outlays on the generation of thermal and electric power by 30-40 percent are envisaged. Measures for the assimilation of progressive techniques of the production and treatment of ferrous and nonferrous metals are aimed at the better use of structural materials.

The creation and introduction of new production engineering processes for the manufacture of the most important types of chemical and timber-paper products and construction materials and also the processing of agricultural raw material will contribute to considerable savings and, consequently, fuller satisfaction of the CEMA countries' natural raw material requirements.

It is planned tackling a big list of problems in the sphere of waste-free production, replacing types of raw material and intermediate products in short supply with cheaper and more accessible products and reducing their losses during transportation and use. Thus more extensive use of fillers in the

manufacture of products from polymers will make it possible to reduce consumption thereof almost 30 percent in engineering, construction and other sectors. Losses of mineral fertilizer are to decline 5-7 percent merely as a result of the application of more progressive means of transport. It is planned saving annually over 2 million cubic meters of wood raw material merely thanks to the large-scale introduction of techniques providing for a reduction in the specific mass of manufactured paper and cardboard.

An important place in the program is assigned the problem of the use of production and consumption waste. As experience shows, there is vast potential in this direction--a most efficient direction in the solution of raw material and fuel-energy problems. For example, when smelting steel from ferrous metal scrap production costs are 20 times lower than when using ore. When producing aluminum from secondary raw material capital investments are reduced 40 percent, while electric power consumption is reduced more than 20-fold. The creation of new efficient methods of storing red mud and methods of processing it are provided for. For example, 300 kilos of iron, 150 kilos of alumina and 500 kilos of construction materials may be obtained per ton of such slurry.

The adopted program is open, and the preparation by the countries concerned of new constructive proposals for cooperation in the sphere of the economical and rational use of material resources is possible, furthermore. The session stipulated that the appropriate CEMA body would periodically review the course of realization of this program. This should undoubtedly contribute to its efficient fulfillment and thereby to an acceleration of the CEMA countries' socioeconomic development.

#### IV

Fulfilling the decisions of the top-level economic conference, the socialist community countries moved forward in the coordination of economic policy. The Warsaw session observed that economic policy is being coordinated in the spheres connected with cooperation and, by the countries concerned, in other spheres of socioeconomic development also. The CEMA countries have already signed bilaterally for this purpose 17 programs for the development of economic and scientific-technical cooperation up to the year 2000.

The coordination of economic policy on questions of mutual interest is highly responsible, important and laborious work. At this stage it is being performed in the course of coordination of the plans of economic and social development. The CEMA session examined the question of coordination of the members' national economic plans for 1986-1990, in the course of which a number of meetings at intergovernmental level and also the necessary consultations on basic questions of the long-term development of the fraternal countries' national economies were held.

A qualitatively new element was the coordination of the basic directions of the countries' economic and social development in spheres of mutual interest not only for the immediate 5-year period but also for the period up to 1995. Consultations were also held for the purpose of coordinating the basic directions of the countries' specialization in the international socialist division of labor and the determination of measures to increase reciprocal commodity

turnover, the volumes, cost indicators and conditions of reciprocal supplies of the most important commodities and the objects of production cooperation.

The CEMA Committee for Cooperation in the Sphere of Planning Activity held very important consultations on questions of the development of the countries' national economies for the long term and the coordination of capital investments per agreed spheres and facilities. The understandings which were arrived at were taken into consideration at the time of the multilateral coordination of the plans of economic and social development, in the process of which the preparation of agreements on production specialization and cooperation, the joint construction of industrial facilities and scientific-technical cooperation was developed. Mutual commitments in respect of a rise in the technical level and quality of particularly important types of engineering product will be determined for the purpose of expanding the production of modern highly productive machinery and equipment.

The CEMA countries have accumulated considerable experience in the coordination of national economic plans. This form of cooperation is perfected with every 5-year period. There is a fundamental singularity in this cooperation which consists of the fact that in the course thereof the CEMA countries are materializing in practice the most important decisions which they adopted at the economic conference in Moscow.

The second singularity of the coordination of plans for the coming 5-year period is the fact that its initial base has assumed very big dimensions. The list of questions being studied has lengthened and there is increased interconnection between economic development and the structural policy shaped by each country, developing its own national economy. More attention is being paid to the organization of capital investments for many problems such as the fuel-energy problem are being solved by joint efforts. The Soviet side, in particular, deemed it possible to maintain in the next 5-year period the volumes of exports of the basic types of fuel-energy resources to the CEMA members at the 1985 level, given reciprocal supplies of the industrial products, food and consumer goods, raw material and structural materials and also of high-quality machinery and equipment on a par with the world technical level essential for the USSR.

A big place in the work on plan coordination is occupied by the qualitative aspect of specialization and cooperation, particularly in the spheres which determine scientific-technical progress--electronics, comprehensive automation, nuclear energy and the production of new types of structural materials.

Measures are being adopted in the course of the coordination of plans for the period 1986-1990 in order in accordance with the decisions of the economic conference that this work be completed prior to the start of the new planning period and that its results be enshrined in the appropriate agreements and reflected in the countries' national economic plans.

The CEMA countries agreed that at the final stage of the coordination of plans for 1986-1990 additional opportunities for the development of economic cooperation would be sought, primarily international production specialization and cooperation, an increase in reciprocal commodity turnover and the fuller use of

available production capacity, and mutual commitments for a rise in the technical level and quality of particularly important types of reciprocally supplied products would be provided for. The preparations for the signing of new and the renewal of current agreements on economic and scientific-technical cooperation will be completed in the very near future.

The significance which the fraternal countries attach to plan coordination is logical inasmuch as it is this which acts as the main instrument of the coordination of economic policy. This is conditioned by a number of factors, primarily the fact that the plan-coordination mechanism makes it possible to approach the organization of multilateral and bilateral relations comprehensively. No other form of cooperation affords possibilities of simultaneously tackling such cardinal tasks as the acceleration of scientific-technical progress, the structural reorganization of the national economy, the intensification of production processes, the extension of interaction in various sectors and the improvement of existing and the use of new forms of mutually profitable relations. Perfection of the coordination of national economic plans is becoming a basic instrument for the establishment of that which is qualitatively new in cooperation. The CEMA countries are switching to a uniform economic policy and an examination of all problems of cooperation compositely.

A special place in the work of the CEMA session was occupied by questions of assistance to Vietnam, Cuba and Mongolia for the purpose of the gradual equalization of their economic development levels and those of the council's European countries, particularly on the basis of plan coordination. For the purpose of stimulating this work it was decided to examine the question of the extension and improvement of the European CEMA members' cooperation with Vietnam, Cuba and Mongolia at the meeting of the council's session.

The Warsaw session naturally could not have failed to have paid particular attention to urgent international problems. The fraternal countries' invariable policy of curbing the champions of military conflicts and establishing and affirming the equal international economic cooperation of states with different social systems, between CEMA and the EEC included, was confirmed.

Party and state authorities of the member-countries discussed and approved the results of the 40th meeting of the CEMA session in Warsaw, emphasizing that the documents adopted thereat are an important step forward in implementation of the decisions of the top-level economic conference in Moscow and will be an important contribution to an extension of the fraternal states' all-around cooperation.

The meeting in Warsaw confirmed once again that the unity of views of the CEMA countries performs a decisive role. Thanks to the common aspiration to its further consolidation, the fraternal countries are finding ways and means making it possible to view coming prospects confidently and optimistically and set truly powerful effective forces in motion on the basis of socialist internationalist solidarity.

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## 'ALARMING' JAPANESE ECONOMIC ROLE IN ASIA-PACIFIC REGION

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[Article by N. Vladimirov: "Japan's Policy in the Asia-Pacific Region:  
Cautionary Aspects"]

[Text] Four decades ago, on 2 September 1945, the signing of the act of the unconditional surrender of militarist Japan ended the most devastating and bloody war in man's history--WWII. Unleashed by fascist Germany, it brought monstrous calamities and suffering to the peoples of the whole world, particularly the Soviet people, who bore the brunt of this grimmest tragedy.

The smashing of Japanese militarism was of world-historical importance. It fundamentally changed the political situation in Asia in favor of the forces of peace, democracy and socialism, bringing about here an unprecedented upsurge of the national liberation movement. As a result a number of states which embarked on the path of the creation of a new society emerged in the Asia-Pacific region: the Democratic Republic of Vietnam, the DPRK, the PRC and, somewhat later, the Lao People's Democratic Republic and the People's Republic of Cambodia.

The results of WWII also struck a blow at the expansionist plans of the Japanese military, which had attempted to create under its aegis a so-called "great East Asian coprosperity sphere". Not long before the start of military operations in the Pacific, in June 1940, then Japanese Foreign Minister H. Arita attempted to substantiate this unrealized intention thus: "The countries of East Asia and parts of the South Seas are geographically and historically and in the racial and economic respects very closely linked with one another and are destined by fate itself to cooperate and serve one another's needs.... The unification of these parts in a single sphere... is, I believe, a natural conclusion." The collapse of this adventurist dream serves today as a serious warning to those who, pursuing hegemonist goals, are arbitrarily declaring whole parts of the world, including the Asia-Pacific region, "spheres of vital interests".

Japanese militarism entered the war as an ally of Hitler Germany with the surprise attack on 7 December 1941 on the U.S. Pacific naval base at Pearl Harbor. Japan suddenly attacked it with its navy and air force even before it had declared war on the United States, inflicting serious moral and material losses on it. As "retribution" the United States, in turn, resorted at the end of the war in the

Pacific to an even crueler and totally unwarranted act of modern vandalism. Having used without any military need for this a new barbaric weapon of mass destruction still unknown to the world at that time--the atomic bomb--it wiped two Japanese cities--Hiroshima and Nagasaki--from the face of the earth and cold-bloodedly killed hundreds of thousands of peaceful citizens, while many of those who survived were condemned to a slow death and physical and moral suffering which continues yet.

Such instructive facts of the history of WWII cannot fail today to induce profound reflection and cautionary associations. They involuntarily arise in connection with the fact that, given the presence of huge stockpiles of nuclear weapons, the present U.S. Administration, spurring international tension and hatching insane plans of so-called "star wars," given active support on the part of Japan--the world's second capitalist power in terms of economic and scientific-technical potential--is turning the Pacific into a new, "eastern" front of the struggle against world socialism and the national liberation movement.

It is perfectly obvious that Washington's aggressive intentions of using the Asia-Pacific region for its imperial purposes could once again lead to the emergence here of an explosive situation, which would be fraught with consequences for all mankind incomparable even with the tragedy of Hiroshima and Nagasaki.

All this gives rise to the serious question: have the lessons of recent history been forgotten and do Japan's ruling circles understand what support for the White House's Pacific strategy, which is dangerous to the cause of peace, threatens?

#### Increased Economic Expansion

Currently the Asia-Pacific region is the most dynamic and rapidly developing zone of the capitalist world. Numerous forecasts indicate that its relative significance in the world capitalist economy will grow unswervingly in the forthcoming 15 years of the current century also.

A big influence on the economic development of the states and territories of the region is exerted by Japan, which regards it as a sphere of its "special economic interests" and as a vast market for the sale of industrial products and a rich source of the most important types of raw material and energy carriers. Taking advantage of the objective process of the internationalization of economic relations in the region, Japanese monopolies are increasing economic expansion here from year to year.

The basis of Tokyo's "peaceful" economic offensive is the constant expansion of trade relations with the Asia-Pacific countries and territories. Despite Japanese commodities' active penetration of practically all world markets, a growing proportion of the country's foreign trade is concentrated precisely in this region. Japan has held first place for a number of years now in the exports of Australia, Indonesia, Thailand, Papua New Guinea and the Solomon Islands; second place in the exports of South Korea, Taiwan, Malaysia, the Philippines and New Zealand.

Simultaneously it holds first place in the imports of South Korea, Taiwan, Hong Kong (Xiangang), Singapore, Thailand and Indonesia; second place in the imports of Australia, the Philippines, Papua New Guinea and Fiji.\* Thus Japan performs the leading role in the foreign trade of the countries of the region, clearly outpacing the other capitalist powers, including the United States, in this sphere.\*\*

Its positions in the region are becoming increasingly strong as an exporter of capital also. In terms of total direct capital investments here Japan is still markedly behind the United States (\$17.7 billion against \$27.9 billion by the start of 1983); however, the proportion of these investments in all Japan's direct overseas investments is considerably higher than the corresponding American indicator (33.3 and 12.6 percent respectively).\*\*\* In addition, as distinct from the United States, Japan is investing its capital not only in the extractive but also in comparatively new sectors of manufacturing industry, that is, implementing a long-term policy of tying the states of the region to its economic structure, a policy of converting them into individual (the most laborious and ecologically harmful) "shops of the Japanese economy".

By the start of the 1984-1985 fiscal year more than 1,000 Japanese enterprises were operating in Australia, over 1,100 in South Korea, more than 1,200 in Indonesia, approximately 1,600 in Singapore and almost 2,200 on Hong Kong.\*\*\*\* There is practically no country or territory in the Asia-Pacific region today which the Japanese monopolies have not penetrated.

Finally, Tokyo's special economic interest in this region is indicated by both the absolute and relative volume of resources which are granted the states thereof annually by the Japanese Government along so-called "official assistance for development needs" lines. It is significant that in terms of the total amounts of appropriations for these purposes Japan is more than twofold behind the United States (\$3.8 billion compared with \$7.9 billion in 1983).\*\*\*\*\* However, of the total sum of assistance rendered the Asia-Pacific countries (mainly Southeast Asia) along the above-mentioned lines, Japan accounted for 43.8 percent, the United States for 17.7 percent and the remaining 15 members of the so-called Development Assistance Committee 38.5 percent.\*\*\*\*\*

The Japanese monopolies' unchecked economic offensive is giving rise to increasingly great apprehension in the region. The numerous anxious statements of leaders and businessmen of a whole number of states testify to this. Thus, according to the Malaysian prime minister, Japan's policy represents "a classical model of economic colonialism." Thailand's industry minister accused

\* See GEKKAN NIRA No 4, 1985, p 9.

\*\* Thus back at the start of the 1980's the Pacific countries' share of Japan's total exports amounted to almost 57 percent and of imports to more than 50 percent, while the corresponding indicators for the United States fluctuated within the limits of 50 and 40 percent (see MEMO No 6, 1985, p 52).

\*\*\* Calculated from "Pacific Economic Community Statistics. 1984," Tokyo, 1984, pp 189, 191.

\*\*\*\* "Japan 1984. An International Comparison," Tokyo, 1984, p 55.

\*\*\*\*\* See *ibid.*, p 54.

\*\*\*\*\* GEKKAN NIRA No 4, 1985, p 8.

Tokyo of it "always being able to export any product to Thailand, but at the same time practicing discrimination in respect of Thai exports." The president of one of the biggest industrial companies of Taiwan--Formosa Plastics--emphasized that "of all the Taiwanese companies connected with Japanese, there is not one that has not been swallowed up by the latter."

Thus Japan is today the leading economic force of imperialism in the Asia-Pacific region and is pursuing a purposeful policy of subordinating the development of its countries to the interests of its monopolies.

#### Growth of Militarist Trends

In recent years the extensive economic expansion of the Japanese monopolies in all directions has been accompanied by an increasingly marked intensification of militarist trends in Japan's domestic and foreign policy, which is causing particular concern both in the Asia-Pacific region and throughout the world. And it is perfectly justified since the possibility of the conversion of a country with powerful economic, scientific-technical and human potential into a major military power largely depends on whether its leaders want this and along which path they intend channeling its further development.

Objectively, from the viewpoint of common sense, Japan, as a nation maximally dependent on trade by virtue of the specific features of its geographic and demographic position (an island state, practically complete lack of its own energy-raw material resources and concentration of a considerable proportion of the population and industry on a relatively small territory), should, it would seem, be more interested than any other country in the preservation of general peace, primarily in the Asia-Pacific region.

Unfortunately, the facts testify that its ruling circles, disregarding national interests and giving way to U.S. pressure step by step, are intensifying increasingly noticeably a short-sighted and dangerous policy course of all-around militarization, a course fundamentally at odds with the country's constitution even.\*

With the assumption of office at the end of 1982 of the Y. Nakasone government the militarist trends intensified significantly. Even such an authoritative organization as the Research Institute for Peace and Security, which is close to government circles, has been forced to acknowledge this fact, albeit evasively. One of its recent annual publications says: "The formation of the Nakasone

\* Article 9 of the constitution reads: "Sincerely aspiring to international peace based on justice and order, the Japanese people renounce for all time war as a sovereign right of the nation and also the threat or use of armed force as a means of solving international disputes.

"To achieve the goal indicated in the preceding paragraph ground, naval and air forces, as, equally, other means of war, will henceforward never be created. The state's right to wage war is not recognized" (quoted from "Modern Japan," Moscow, 1973, p 758).

administration in November 1982 was marked by the beginning of a new style in Japanese foreign policy. Both by its political behavior and its economic assertiveness Japan began to openly proclaim its status as a member of the Western camp."\*

Official speeches of its leaders contain many assurances that Japan will never take the path of militarization and conversion into a global military power. "...We must and will pay particular attention," Prime Minister Y. Nakasone declared, in particular, in his first program speech in parliament on 3 December 1982, "to not turning into a military power and not becoming a military threat to neighboring countries. We will also abide firmly by our basic line--the diplomacy of peace--and make our contribution to the international efforts aimed at disarmament."\*\* Speaking from the parliamentary rostrum on 6 February 1984 on reelection as prime minister, he again emphasized: "...We, perfectly naturally, must apply all our efforts solely to ensuring defense and continue to abide strictly by the three nonnuclear principles and must not become a military force which could threaten neighboring countries."\*\*\*

However, the fine phrases about peace are increasingly at odds with the specific deeds which are being performed behind the scenes of the persistently propagandized "peace" policy. It is fitting to recall first of all that even today Japan represents Asia's biggest capitalist state in a military respect, spending on "defense" more than the ASEAN countries together. The process of its militarization is assuming an increasingly broad and diverse nature here, to which numerous facts testify.

In December 1982, shortly after Y. Nakasone had assumed office, the U.S. Senate passed a resolution demanding that Tokyo strengthen its so-called "defense" potential by way of an increase in its military budget. This brazen act of flagrant interference in the internal affairs of a sovereign state was not rejected by the Japanese Government. On the contrary, a few days later it hastily dragged through parliament a decision on an increase in military appropriations.

The same month the Foreign Ministry approved a policy of stimulation of Japan's participation in joint consultations and meetings with the NATO states, that is, a line aimed at the so-called "NATO-ization" of the country and an expansion of military-political contacts with the aggressive North Atlantic bloc.

In January 1983 the government decided to satisfy Washington's persistent demands that the latest technology be made available to the United States for its possible use for military purposes, including Japanese companies' developments in the sphere of microelectronics, laser technology, superbig IC's and so forth.

At that same time during a visit to Washington Y. Nakasone came out with bellicose statements concerning the need to make Japan an "unsinkable aircraft carrier" and the Japanese Navy's readiness to block in the event of "emergency" international

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\* "Asian Security. 1984," Tokyo, 1984, p 179.

\*\* "Japan's Choice," Tokyo, 1984, p 6.

\*\*\* Ibid., p 17.

straits (Korea, [Sangar], La Perouse) in order to "lock out" the Soviet fleet. He declared simultaneously that Japan was ready to assume the "protection" of the sea lanes between Tokyo and Guam, Osaka and Taiwan, that is, confirmed its consent to patrol the sea and air space in a 1,000-mile zone from the Japanese islands.

On the eve of the visit to the United States Y. Nakasone visited Seoul. In the course of the negotiations he officially communicated Tokyo's decision to grant South Korea \$4 billion for "development needs," but in fact for strengthening its armed forces. Such a generous contribution to the "defense" of the Western Pacific and then President Reagan's subsequent visits to Tokyo and Seoul contributed to the further expansion of trilateral relations along military lines, which is ultimately aimed at the creation of a Washington--Tokyo--Seoul military-political alliance.

In January 1983 on the manifestly far-fetched pretext that the current constitution, which prohibits Japan from having armed forces and resorting to war as a means of solving international disputes, was "imposed" by the American occupation administration a resolution of a ruling Liberal-Democratic Party congress openly included for the first time a call for its revision.

In the fall of 1983 the government gave the United States its final consent to the deployment at the air base in Misawa (Honshu Island) American F-16 fighter bombers capable of carrying Tomahawk cruise missiles with nuclear warheads. In addition, it even consented to pay the expenses connected with this. The first consignment of aircraft has already been deployed on Japanese soil.

In May 1984 discussion began in the country's government circles of the latest 5-year plan of the development of the armed forces in the 1986-1990 fiscal years. The new military program is aimed at a "comprehensive and qualitative" strengthening of the "Self-Defense Forces" and their provision with "the most modern combat equipment".

Despite the extremely strained state of state finances, in July 1984 the cabinet approved the latest substantial increase in military spending in the budget for the 1984-1985 fiscal year. The Foreign Ministry acknowledged in its commmements that "the increase in defense spending of 6.88 percent under conditions where the majority of other appropriations is being cut by approximately 10 percent was possible as a result of a reduction in other expenditure items of the budget."

In December 1984 the special "defense" study group appointed by the prime minister recommended that the government lift the current limitation of military spending to the level of 1 percent of GNP. In addition, it proposed a revision of the "purely defensive" nature of current military programs and those being drawn up, that is, actually advocated an abrupt intensification of the country's militarization. While in February 1985 the prime minister, speaking in parliament, made it understood that the 1-percent ceiling on military spending could be lifted and exceeded in the very near future.\*

\* See THE JAPAN ECONOMIC JOURNAL, 5 February 1985, p 2.

Later, in May, during the regular meeting of leaders of the seven leading capitalist countries in Bonn Y. Nakasone, as distinct from a number of other participants in the meeting, "expressed understanding" of R. Reagan's so-called Strategic Defense Initiative, in practice supporting the aggressive "star wars" program, which is aimed at the militarization of space and a nuclear first strike against the USSR.

Tokyo is associating itself increasingly actively with the Pentagon's global hegemonist strategy--one of force and the spurring of military hysteria. It is perfectly obvious that such a strategy under the conditions of the further strengthening of the Japanese-American "Security Treaty," the growing intensity of the use of American military bases on the territory of the Japanese islands, constant calls at the country's ports of American nuclear submarines and warships carrying nuclear weapons and, finally, the persistent militarist indoctrination of the population, its intimidation with the nonexistent "Soviet threat" and the inculcation in its consciousness of the "need" to have its own nuclear weapons is fraught with serious danger. Including the danger of a new war, which, should it arise, would surely bypass neither Japan nor the Asia-Pacific region as a whole. This is understood and this is feared not only by the peoples but also the governments of states of the region. This has to be understood in Tokyo also.

The perfectly legitimate question arises: how to tie in the intensification of militarist trends in Japan's domestic and foreign policy with the peace-loving declarations of its leaders, particularly with the following declaration by Y. Nakasone in the International Institute of Strategic Studies in London in June 1984: "The most serious problem which confronts mankind today is how to preserve peace throughout the world. We must never permit a third world war. This is not a choice, it is an imperative."\*

The pressure factor on the part of the United States is very often advanced as an explanation of the manifest divergences between the peace-loving phraseology and the far from peaceful deeds of Japan's ruling circles. But this is just one side of the coin. The other is that Japan, as the world's second capitalist power in terms of economic and scientific-technical potential, is today not only and not so much following the lead of Washington's global policy as pursuing its own strategic goals. Among the most important of these is the aspiration to convert the Asia-Pacific region into a sphere of its predominant economic and political influence.

#### Contemporary Version of the 'Sphere of Coprosperity'

To achieve the above-mentioned goal, together with the broadening of the economic expansion of the monopolies and the increase in the country's military power, Japan's ruling circles attach no less importance to the pursuit of active diplomacy aimed at cobbling together a closed grouping in the Pacific zone. Persistently propagandizing the "community of interests" of the Asia-Pacific states and their geographical, historical, cultural and racial proximity, they are advocating the creation of some organization "beneficial to all countries" of the region--a so-called "Pacific community".

\* "Japan's Choice," p 70.

The idea of the creation of such a "community," which is being discussed extensively currently not only in scientific and business but also government circles, was born back in the mid-1960's. At that time, considering the ever increasing role of the region in the world economy and international relations, representatives of scientific, business and political circles of Japan, Australia, the United States and a number of other states reached a common opinion concerning the expediency of the establishment of more extensive and closer relations between Pacific countries, while some of them put forward specific concepts of the realization of this plan. It is significant that from the time it arose this idea has been actively supported by Japan's ruling circles. More, it is they which have presented a whole number of initiatives and made considerable efforts in respect of its gradual practical realization at the most varied levels.

On the initiative of Japanese business leaders an organization of business circles of Japan, the United States, Canada, Australia and New Zealand--the Pacific Economic Council--was set up in 1967. It engages in an exchange of information and the formulation of recommendations for governments on the development of regional relations. Also at the suggestion of the Japanese side a group of leading economists and political scientists from the same states assembled in Tokyo in 1968. An organization of specialists in the sphere of international economic relations called on to draw up plans of economic cooperation--the Pacific Trade and Development Committee--emerged as a result of the meeting. It has conducted annual sessions regularly since then. And as of the second session in Canberra (1969), moreover, representatives of an increasingly large number of countries have participated in it.

However, the activity of the said nongovernmental regional organization and similar ones which arose subsequently did not initially attract sufficient attention on the part of the governments of countries of the region. Therefore in order to impart substantial political meaning to the "Pacific community" idea Tokyo resolved to entrust the fulfillment of such an important mission to the most high-ranking figures and raise it to the level of official policy.

Thus former Prime Minister T. Miki (foreign minister at that time) presented a plan for the creation of an "Asia-Pacific community" at the end of 1968. Having warmly supported the idea of the organization of such a "community," he proposed the incorporation therein of countries and territories of East and Southeast Asia, Australia, New Zealand and also the United States and Canada.

In 1977 then Prime Minister T. Fukuda proclaimed the "Pacific doctrine," which was presented as "a program for the development of cooperation" with the ASEAN states, but was in fact aimed at intensifying Japan's economic penetration of Southeast Asia. At the end of 1978 M. Ohira, who had replaced T. Fukuda, put forward a more wide-ranging program--a plan for the creation of a "Pacific community". The further strengthening of relations with the United States, Canada, Australia, New Zealand and the ASEAN countries was envisaged as a first step.

The formally private, but in fact semi-official regional authority--the Pacific Economic Cooperation Committee--which incorporated scholars, politicians and businessmen of developed and developing states of the capitalist part of the

region, was founded on Tokyo's initiative in 1980. The committee, which holds meetings periodically, has six work groups--on trade, direct investments, power engineering, Pacific resources, transport and means of communication and education. It prepares reports and recommendations, which are conveyed to the governments of the appropriate countries, and also engages in business contacts with other regional organizations. A direct result of M. Ohira's active "Pacific diplomacy" was also the convening in Tokyo in September 1981 of the first Pacific conference on economic cooperation, in which representatives of Japan, the United States, Canada, Australia, New Zealand, the ASEAN countries and also South Korea participated. Such conferences have been convened regularly since then, and the number of their participants is growing with every passing year.\*

In June 1982 then Prime Minister Z. Suzuki put forward an even more detailed concept of the "Pacific community". As distinct from his predecessors, who put the main emphasis on the development of the economic and cultural relations of the countries of the region, he openly declared the need for political aspects to be made the basis. In his speech at the Center for the Study of East and West in Honolulu, which was publicized by the Japanese press as the "onset of the Pacific era," he put forward five principles of the creation of the future "community". While proclaiming the necessity for making the Pacific a "zone of peace" Z. Suzuki, manifestly playing up to Washington, emphasized first of all that this should be achieved by way of a strengthening of the military-political positions of the United States in the region. In pointing to the need "to strengthen the solidarity of the developed democratic Pacific countries," the pivot of which, according to him, was the Japanese-American alliance, he thereby made it understand that the central force of the planned "community" were to be the United States and Japan. The Japanese premier also supported conditions being secured for the "diversity" of the development of the Pacific states. Attempting to persuade the ASEAN countries of the "profitability" for them of such a "community," he emphasized their "special role" in the process of its creation. For the purpose of dispelling the perfectly legitimate fears of a number of states in connection with the fact that the proposed "community" could be used to establish the domination of the United States and Japan in the region, Z. Suzuki emphasized that the Pacific would be an area of "mutually profitable cooperation". Finally, in order to reassure world public opinion he declared the need to make the Asia-Pacific region an "open zone".

It is perfectly obvious that the essence of the "Pacific concept" advanced by Z. Suzuki, despite the reassuring peace-loving wording which it contains, ultimately amounts to a strengthening of Japan's economic and political positions in the Asia-Pacific region in exchange for consent to the buildup of the U.S. military presence here. Despite the manifest American-Japanese coloring of this concept, it was supported not only in the United States but also--for this consideration or the other--by the ruling circles of a number of other states of the region. A specific expression of this support was the creation in June 1982 literally a few days after Z. Suzuki's speech of the Pacific Democratic Union--an association of conservative parties of developed capitalist states of the

\* See JAPAN QUARTERLY, April-June 1985, p 136.

Pacific: Japan's Liberal-Democratic Party, Australia's Liberal Party, New Zealand's National Party and Canada's Progressive Conservative Party. The constituent assembly in Tokyo was also attended by a delegation of the U.S. Republican Party, which had acquired observer status.

On assuming office the present Prime Minister Y. Nakasone imparted new impetus to the "Pacific community" idea, making it virtually the basis of his entire foreign policy activity. However, considering the growth of misgivings and apprehension in the countries of the region, he, as distinct from his predecessors, has put the emphasis on proving the "purely peaceful" and "mutually beneficial" nature of the future "community". It was for this purpose that Y. Nakasone has visited practically all states of the Pacific region which, in his opinion, could be members of the "community," including the United States, Australia and New Zealand and the countries of ASEAN and Oceania. As a result of these visits and following consultations with the U.S. President in January 1985 Y. Nakasone put forward a new program of the creation of a "Pacific community". It incorporates the following principles: cooperation within the framework of the future "community" would extend only to three spheres--the economy, scientific-technical relations and culture; it would be realized on the initiative of the private sector; such cooperation should not be aimed at the formation of a grouping of the EEC type; the ASEAN states should take the initiative in creating the "community".

For the broader development of practical relations with the Pacific countries special study groups were set up on Y. Nakasone's instructions in a number of leading Japanese departments and ministries, including the Foreign Ministry, Ministry of International Trade and Industry and Ministry of Posts and Telecommunications and also the Economic Planning Agency. Finally, at his urging the Japanese Pacific Cooperation Committee was founded for the purpose of maintaining close business contacts with the above-mentioned regional Pacific Economic Cooperation Committee.

Characterizing Y. Nakasone's activity in pushing the "Pacific community" idea, the Japanese press observes that in "actual deeds" the Japanese premier is acting "with extreme caution" lest he create the impression that "leadership in this matter has been assumed by Japan and the United States." The main reason for such caution was explained by Y. Nakasone himself. "Japan," he declared, "would be misunderstood and accused of attempts to revive the 'sphere of coprosperity of a great East Asia' for the purpose of dominating the region if it displayed undue persistence on the question of Pacific cooperation. For this reason it is best for Japan and the United States to remain prompters on this matter."\*

It is clear, however, that such "candid confessions" were conceived merely as a screen concealing the true goals of Japan's ruling circles, namely: strengthening not only their economic but also political influence in the Asia-Pacific region. The Japanese progressive journal SEKAI SEIJI emphasized in this connection that "the 'Pacific community' concept combined with the idea of Japan's 'state interests' is awakening recollections of the former doctrine of 'a great East Asian sphere of coprosperity'."\*\*

\* THE DAILY YOMIURI, 25 November 1984.

\*\* SEKAI SEIJI, January 1985, p 25.

This is understood full well--and seriously feared--by many leaders of states of the region. Thus former Philippines Foreign Minister C. Romulo declared: "The attempts to establish in the Asia-Pacific region a 'new order' on the Japanese model are not something new. Southeast Asian countries have not forgotten the consequences of the Japanese military throwing its weight about (on the eve of and during WWII--N.V.). It would be very dangerous for Tokyo to once again bind us hand and foot. I am seriously concerned about the new 'sphere of coprosperity'--the 'Pacific community'." Similar fears are also being expressed by Philippines President F. Marcos, Indonesian President Suharto and the leaders of other states of the region. Together with the unchecked economic expansion of the Japanese monopolies and the intensification of militarist trends in the country's domestic and foreign policy the stimulation of Tokyo's diplomacy in respect of the creation of a "Pacific community" is regarded by them as an endeavor on the part of Asia's "industrial giant" to perform not only the decisive economic but also political role in the Asia-Pacific region.

Today, 40 years after the end of WWII, the threat of thermonuclear catastrophe looms over mankind as a result of the hegemonist plans and aggressive actions of American imperialism. A most urgent task in this connection is ensuring peace and security in the Asia-Pacific region, which is acquiring ever increasing importance in the world economy and international relations and which the present R. Reagan administration is endeavoring to turn into the "eastern front" of the struggle against the USSR, world socialism and the national liberation movement.

Japan--the world's second capitalist power in terms of level of economic development--could perform an important constructive role in ensuring peace and security in the region. Unfortunately, cautionary aspects are to be observed in its Asia-Pacific policy: the rapid broadening of economic expansion, which is new in form, but which is actually of the former, colonial content, the growth of militarist trends in domestic and foreign policy and an endeavor to create in conjunction with the United States an exclusive regional grouping. Despite the grim lessons of WWII, Japan's ruling circles, pursuing selfish goals, are thus supporting Washington's dangerous course.

As one of the biggest Pacific powers, the Soviet Union is not in words but in fact doing everything possible to defend peace throughout the world, in the Asia-Pacific region included. It is emphatically opposed to any exclusive groupings whatever and "spheres of influence" in general and in the Pacific in particular, believing that the latter belongs to everyone and should be a zone of peace and good-neighborliness. The new initiative displayed by M.S. Gorbachev, general secretary of the CPSU Central Committee, during the visit to the Soviet Union by R. Gandhi, prime minister of the Republic of India, in May 1985 is extremely important. It is a question, taking into consideration all the preceding peace initiatives of the USSR and other countries, of giving thought to a general composite approach to the problem of security in Asia and the possible unification of the efforts of Asian states in this direction. It is this that the lessons of history insistently demand.

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## DISAGREEMENTS OVER INTERNATIONAL COMPANY TO EXPLOIT SEABED RESOURCES

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[Article by I. Vanin, V. Golubkov: "The International Seabed Authority Concern"]

[Text] The intensive development of scientific study of the sea bed led in the first half of the 1960's to the appearance of new data on iron-manganese nodules. This type of semimetal formation located on the surface of the sea bed in parts of the oceans at a depth of 3,500-6,000 meters contains up to 30 metals, primarily cobalt, manganese, nickel and copper, and the proportion of the two latter per unit weight sometimes amounts to 2 percent and more. Naturally, Western countries' industrial companies displayed an interest in the desposits of the nodules. And it was not just they which had such an interest.

### I

In 1967 in the UN General Assembly Maltese representative A. Pardo submitted for discussion the draft of a new legal regime of the oceans, proposing that they be divided into "national" and "international" space. This idea was made the basis of a resolution submitted by developing countries and passed by the UN General Assembly which declared the entire area of the sea bed beyond the limits of national jurisdiction (henceforward, the Area), that is, beyond the limits of the continental shelf, the "common inheritance of mankind".

Simultaneously the session advocated the creation of a special committee to study questions of the peaceful use of the sea bed and ocean floor beyond the limits of effective national jurisdiction. Subsequently it was transformed into the Committee for Peaceful Use of the Sea Bed and Ocean Floor Beyond the Limits of Effective National Jurisdiction (henceforward, Seabed Committee), which subsequently acquired the functions of preparatory committee for the Third UN Law of the Sea Conference.

In the course of the work of the Seabed Committee even two mutually exclusive approaches to the problem of development of the Area's resources were ascertained. The developing countries believed it was necessary to set up the appropriate international organization (the International Seabed Authority, henceforward, the Authority) and, having transferred to it title to the Area and its resources, endow it with sole rights to the use of the resources. It was proposed for this

purpose forming within the framework of this organization an international corporation (henceforward, the corporation) which would exercise all forms of activity pertaining to development of the Area. A different position was held by the United States. The essence thereof is that it is perfectly adequate to create some international seabed organization which would issue licenses for the recovery of resources to anyone who so wished.

The idea of the Corporation, which was supported by many developing countries, was reflected in a report of the Seabed Committee published in 1969. The question of the creation of the Corporation's initial capital was raised in this connection. Finally, at the stage preceding the convening of the Third UN Law of the Sea Conference a number of developing countries proposed "the creation of a corporation with a monopoly in the sphere of exploration and exploitation of the marine environment within the framework of the new organization"\*\* (that is, within the framework of the Authority).

With the conference starting work (1973) the demands that the Authority be ensured a monopoly of the development of the Area's resources increased sharply. This was connected to a considerable extent with the deterioration in the general situation on the world raw material market, as a consequence of which the political actions of the developing countries in this period proved to be targeted at the achievement of considerable transformations in international economic relations.

The delegations of certain countries went so far in their demands that the Corporation be accorded monopoly rights that they disregarded the question of the financial and technological possibility of its creation without the participation of the developed states possessing the necessary technical-economic potential. However, persuaded of the futility of such an approach, the supporters of the Corporation were forced to seek a compromise version of a solution of the problem. As the Peruvian representative declared in 1974, "without abandoning their ideals, the developing countries would be prepared to authorize enterprises with the capital and technical resources to participate in activity pertaining to development of the sea bed until the Authority can itself exercise this activity directly."\*\*

The concept of according to the Corporation monopoly rights came to be called the "unitary system" of access to the Area's resources. Its enshrinement in the convention was the imperative demand of a number of developing countries. It has to be noted in this connection that the arguments in favor of the "unitary system" outwardly appeared quite convincing. Its expediency was substantiated primarily by reference to the majority of developing states' lack of technical resources for development of the Area's resources. Under the conditions of the uncontrolled use of these resources the developing countries would find themselves in an extremely disadvantageous position compared with those which possessed the appropriate technology. The prevention of such

\* "Third UN Law of the Sea Conference". Official Reports, vol II, United Nations, New York, 1975, p 8.

\*\* The arrogated right to "authorize" other countries access to these resources or refuse it calls attention to itself. We would note in this connection that Peru neither signed the UN Law of the Sea Convention which had been elaborated on the day that it was opened for signing (10 December 1982) nor had it signed it prior to 9 December 1984, when the time for signing the convention expired.

injustice demanded, in the opinion of representatives of this group of states, the organization of development of the Area's resources under international supervision and by "extranational forces," that is, within the framework of the Corporation.

Of course, the considerable technological superiority of a small group of industrially developed countries in the given sphere is still a reality which no one can dispute. On the other hand, even at the present time the vast proportion of the elements of the technology of exploration (and in the future the development also) of the Area's resources can be acquired on the open market and, consequently, is not an object of monopoly. For example, India has prospected a sector with nodule deposits and is practically ready to embark on the detailed exploration of this sector, using technology which it acquired on the open market.

Behind the proposition concerning the need to struggle against monopoly could clearly be discerned the endeavor of certain developing states to obtain the maximum economic benefits from the development of the Area's resources on the basis of a redistribution of the income and products of the developer-countries via a mechanism of international control of access to the resources in which the developing states would have the decisive say. Whence the attempts to interpret the "common inheritance of mankind" concept such that it allegedly presuppose the transfer of all rights to the Area's resources to the Authority, in which decisions would be adopted by majority vote. The Corporation, which (lacking other developers of the Area) would permit not even the redistribution but total monopolization of the income from the development of resources, was regarded as a most important component of this structure.

The idea of "collective" management via the Corporation proposed by certain developing countries was based on the concept of states' interdependence and the obligatory nature of international cooperation for the purpose of the economic development of this group of countries, that is, on the "new international economic order" concept. In the opinion M. Pinto (Sri Lanka), an author of the "unitary system" of access, the Corporation "is the first concerted and universally practicable attempt at production cooperation to which each country would contribute according to its capabilities and from which it would receive according to its needs."\*

Of course, the mere attempt at a mechanical transfer of a basic principle of the future communist society to the practice of contemporary international economic relations, the subjects of which are states belonging to different, including opposite, social systems, is groundless. To come to the point, however, inasmuch as it would be difficult for the developing countries to make any appreciable contribution to the Corporation in the form of capital or technology the question of a return to the idea of the Authority's ownership of the Area's resources would inevitably arise. And it presupposes, the representatives of many developing countries believe, that decisions concerning the resources of the sea bed would be adopted by an arithmetical majority, without regard for the interests of the states concerned.

\* THE COLUMBIA JOURNAL OF WORLD BUSINESS, Winter 1980, p 34.

The attitude of Western countries and, particularly, the United States to the idea of the Corporation was originally sharply negative. However, a departure from this position was subsequently noticed, and ultimately they had to take part in discussion of the problems connected with the creation of the Corporation. In the course of the fourth session of the conference (spring 1976) then U.S. Secretary of State H. Kissinger even declared during a press conference his country's readiness not only to consent to the creation of the Corporation but also to make a certain sum available for this as the United States' contribution.

Subsequently, following the assumption of office in the United States and also Britain and the FRG of conservative forces opposed in principle to any attempts to limit a basic "freedom" of the capitalist world--the freedom of uncontrolled plunder for the monopolies--the negative attitude of these states toward the developing countries' demand for the creation of a Corporation became even more distinct than before.

As distinct from the Western powers, the Soviet Union and other socialist countries occupied a constructive position on this matter, understanding the seriousness of the motives behind the developing states' demand for the creation of a Corporation. At the first sessions of the conference even they supported in principle the corresponding proposal, without, however, this support involving their assumption of any commitments of an economic nature, and called on the initiators of this proposal to display a realistic approach to the problems arising in connection with the creation of a Corporation.

## II

In accordance with part XI of the UN Law of the Sea Convention, activity in the Area is exercised both by the Corporation and the states subscribing to the convention and their physical persons and legal entities in association with the Authority. This provision is a most important compromise arrived at during formulation of the convention. It has to be said, however, that the latter ensures for the Corporation a number of advantages compared with other developers. Indeed, in the legal plane the Corporation is a permanent subject of the development of the Area's resources, while, in accordance with the convention, the states subscribing to the Authority may be deprived of the rights of access to these resources even in accordance with contracts with the Authority, if such have been concluded.

The Corporation is provided free of charge with prospected sectors with ascertained deposits of resources for their subsequent development independently or via the developing countries. This provision, which is called the "bank system," was transferred to the convention on the initiative of the developing states from these countries' national mining legislation. The Authority may require a contractor to explore a sector reserved for the Corporation. In accordance with the convention, the Authority is not bound to pay the contractor's expenses for this operation. The latter may recover these expenses only as a result of the recovery and treatment of the resources in his sector.

The contractor is obliged at the demand of the Authority to transfer to the Corporation "on a reasonable commercial basis" (that is, to sell) technology of the development of the Area's resources. A contractor must abide by such a demand even if the Authority decides to transfer this technology not to the Corporation but to any developing country.

In order to provide the single complete extractive and processing complex of the Corporation with the necessary financial resources the states subscribing to the Authority grant the Authority half of these resources as interest-free long-term loans and for the second half guarantee the Corporation's loans on the free capital market. In both cases states' financial liability will correspond to the proportion of their contributions to the UN administrative budget. Initially the subscriber-states are also to provide for the Corporation's administrative budget. For the first 10 years of commercial activity the Corporation is exempt from any financial liabilities to the Authority.

The convention contains provisions governing the limit of the production of resources with the confines of the Area. In accordance with these, the Authority must strictly limit such production to ensure that the revenues of developing country-exporters of analogous types of raw material produced on land not be harmed owing to the competition of the new source of the raw material. Limiting production in the Area means imposing a ceiling for each current year. The Corporation has the right here to lay claim to half the existing ceiling. For the purpose of adopting additional measures to prevent damage to the developing countries producing analogous types of raw material by the traditional method the Authority may subscribe to existing international arrangements (agreements) pertaining to raw material commodities. It will represent not the production of the Corporation here but all production from the Area.

The property and assets of the Corporation are to enjoy immunity from requisition, confiscation, expropriation or any other forms of removal and also from regulation, control and moratoria of any nature based on a decision of executive or legislative authorities. Finally, the Authority Council, which provides for general leadership of the Corporation, can adopt the appropriate decisions by two-thirds majority vote, which predetermines the developing countries' predominant role in this process.

Thus the Corporation even now has in accordance with the convention a number of advantages over the states subscribing to the convention in matters of the development of the resources of the sea bed in the Area. Furthermore, since the time of the conference even some developing countries have been endeavoring to ensure that in the future the Corporation become the Authority's sole instrument in the development of the Area's resources. Purely theoretically such a possibility is not precluded--15 years after the start of the commercial development of the Area's resources a conference will be convened to evaluate the effect of the international regime and it could by way of adopting amendments to the convention change the established procedure of access to the Area's resources, excluding the direct participation of sovereign states in the development process and entrusting all functions pertaining to activity in the Area to the Corporation. In accordance with the convention, amendments to

it proposed by this conference will take effect for all subscribers to the convention as soon as they are ratified by three-fourths of the states subscribing to the Authority.

Such a prospect--even if purely theoretical--is causing apprehension in many states, which are opposed to a country which does not agree with a change in the Authority's international regime having nonetheless to submit to the convention's new provisions. From the viewpoint of international law, any attempt to impose any regime on a sovereign state without its consent may be seen as a violation of its sovereign rights, and these rights are regarded as an imperative rule of international law.

While having agreed with part XI as a whole, many Western countries (including, prior to the start of 1982, the United States also) were evidently hoping to insert amendments in some of its provisions at the time of preparation of the standards, rules and procedures of the activity of the Authority and also hoping to influence the actual policy of the Authority such as to prevent the creation of precedents and the Authority's adoption of decisions unacceptable to these countries.

Many states are also concerned at the substantial commitments which they will have to assume in connection with the creation of the Corporation. The situation is made worse by the possible nonsubscription to the convention of such countries as the United States, Britain and the FRG (who have not signed this document), whose proportion of contributions to the UN budget is in excess of one-third, and also by the threat of a number of states which have signed the convention (whose financial obligations are quite substantial also) not to ratify it if they are not satisfied by the above-mentioned standards, rules and procedures of the Authority's activity. The lack of resources for the Corporation cannot be made good thanks to an increase in the share of the states subscribing to the convention inasmuch as for them this would mean an appreciable increase in financial obligations to the Authority and the Corporation.

As already mentioned, aspiring to the creation of a uniform regime of the recovery of the Area's resources and to meet the wishes of the Group of 77 half-way, the Soviet Union and the other socialist countries did not object to the idea of the creation of the Corporation. However, an unjustified increase in financial expenditure connected with this would be unacceptable to this group of states also.

The socialist countries are also concerned at the fact that upon ratifying the convention certain developing states proceeded to plainly violate in their national laws provisions thereof which are of great significance for the USSR and other socialist countries. For example, upon ratification of the convention the Philippines attempted in defiance of its provisions to impose a restriction on international shipping in the waters of the archipelago. This practice could lead to an undermining of the convention as a whole and, consequently, the legal basis of the Corporation itself and make fulfillment of the commitments connected with its creation impracticable. The Soviet Union has always regarded the convention as a document resolving numerous problems of the use of the oceans on the basis of a "package" approach, with regard for the mutual interests of different groups of countries.

### III

As already mentioned, the first estimate of possible outlays on the construction of the Corporation's production and processing complex made in the phase of work of the Seabed Committee envisaged expenditure of the order of approximately \$100 million. This estimate reflected ideas current at that time concerning the scale of costs in the new raw material sector which completely failed to correspond to the outlays which are actually required. In the mid-1970's a group of specialists of MIT (United States) under the leadership of (Dzh. Nikhart) embarked on a more serious technical-economic analysis of the problem.

The first study, which was prepared by this group in 1978, estimated total capital outlays at approximately \$560 million, almost 60 percent of which would consist of expenditure on the creation of a metallurgical conversion enterprise, while initial current expenditure was expressed in a sum total of \$100.5 million.

According to another study prepared by (K. Shou) independently of the (Dzh. Nikhart) group, the results of which were contained in a report at a seminar organized under the aegis of the EEC in 1976, capital outlays were to have constituted \$555 million and operating outlays \$210 million, that is, considerably more than the calculations of the MIT specialists.

The estimate of the (Dzh. Nikhart) group was also criticized on the part of representatives of scientific circles of West European states, which set up their own research group to study the possible outlays connected with financing the activity of the Corporation. A work which it published in 1979 estimated expenditure in the preparatory phase in an amount \$100 million over the indicator from which the MIT specialists proceeded; the anticipated costs of operations for the recovery of the nodules and their transportation were double those calculated by the latter, and the estimate of anticipated expenditure in the treatment of the nodules phase was increased appreciably (to almost \$500 million). As a result the West European specialists headed by F. Diederich estimated the capital outlays on the construction of the complete complex of the Corporation at almost \$970 million and operating outlays at more than \$250 million, that is, they practically doubled the end result obtained by the (Nikhart) group.

Finally, one further study in this sphere was conducted by H. Cameron (Britain). It estimated anticipated capital outlays at \$500-860 million and operating outlays at \$105-230 million. However, Cameron's calculations were based on the fact that the complex would recover and treat 1.8 million tons of dry nodules annually, whereas the (Nikhart) and Diederich groups proceeded from a planned capacity of 3 million tons. Upon the necessary conversion Cameron's estimate would be the following: \$830 million-\$1.43 billion in capital outlays and \$175-380 million in operating outlays.

The difference in the results obtained by the American and West European specialists reflected appreciable differences in the estimate of outlays on preparatory operations (surveying, prospecting, R&D), transport costs and also land value and so forth. However, even the calculations of Cameron and Diederich proved too optimistic compared with subsequent estimates made on the basis of the operations of the corresponding companies, which were increasingly approaching the actual parameters.

Attempts were made at the start of the 1980's to determine the outlays on the installation of a complex for the recovery and treatment of nodules on one of the Hawaiian Islands. Account was taken here of the characteristics of the adjacent sector of the sea bed from which it was contemplated recovering the raw material.

In the course of the investigation, which was conducted under the leadership of R. Jenkins, several versions of the organization of the complex's work distinguished in terms of its basing mode and the amount of materials extracted from the nodules (three or four)\* were studied. The calculations showed, inter alia, that the use of the four-metal process of treating the nodules leads to an increase in the cost of the entire complex by a factor of roughly 1.5. Total capital outlays in this case would constitute almost \$1.5 billion and operating outlays \$330.5 million.

A study appeared in 1982 which had been prepared by specialists of the University of Texas (United States) under the leadership of (Dzh. Flips). Its results in accordance with one version were very close to those obtained by the Jenkins group, although it was the three-metal process which had been studied.

In 1983 the (Dzh. Flips) group made a detailed estimate of the cost of a complex with a four-metal nodule-treatment process. Outlays on the preparatory period constituted approximately \$200 million, however, owing to the lack of relatively precise data, this figure did not in fact take into consideration expenditure on the exploration of the sector. To this should be added the outlays connected with the construction and tests of various installations for the purpose of developing recovery, treatment and transportation techniques and nature-conservation technology estimated at approximately \$140 million. Total expenditure on recovery operations (two ships with nodule-collection systems, a pipeline system of the raising and loading of the nodules and other equipment) would amount to \$345 million and operating expenditure would be in excess of \$80 million. The costs connected with sea transportation are estimated at almost \$160 million (including approximately \$132 million on acquiring the ships) and with the installation of onshore terminals and transport systems at approximately \$80 million (plus \$16 million in operating expenditure).

Thus (Dzh. Flips') latest estimates, which take account of the cost of providing essential stocks and also certain special types of expenditure, envisage capital outlays of more than \$2 billion and operating outlays of \$568 million, which would require accumulations of financial resources altogether in excess of \$2.6 billion.

Studies in this sphere are continuing, and their results by no means anticipate the possibility of a reduction in outlays on the creation of the single complex.

It is important to emphasize that during the discussion and preliminary solution of questions pertaining to the Corporation (this process pertains to the 1978-

\* Nickel, cobalt and copper are extracted in the three-metal process, but manganese is added to them in the four-metal process, which leads to a sharp increase in outlays in metallurgical conversion.

1980 period) the participants in the Third UN Law of the Sea Conference proceeded from their possible obligations in respect of financing the Corporation in a sum total constituting roughly \$600 million. A 4.5 times increase (and, most likely, even more) in this figure is influencing most appreciably the situation taking shape around the question of ratification of the convention in the countries which are to make highly substantial resources available for financing the Corporation. For this reason a thorough analysis of the situation and a search for ways which, without changing the semantic aims of the convention, could lead to a positive solution of the problems connected with the creation of the Corporation are essential. The most realistic path is minimizing outlays on its first complex to the level which in the 1970's was deemed acceptable by all countries which participated in the conference. This is all the more important in that certain states which signed the UN Law of the Sea Convention have to fulfill a number of commitments they assumed in connection with the Corporation prior to the convention taking effect.

#### IV

In the course of the conference the United States, with the support of its closest partners, raised the question of the need to protect in international law the capital investments which had already been made in the search for sectors with stocks of iron-manganese nodules and the development of the techniques of their recovery and metallurgical conversion. It was a question of the companies and international consortia of these countries acquiring prior to the convention taking effect the sectors which they had prospected with sole rights to the recovery of the resources.

This demand was put forward by the U.S. delegation at the final work session of the Third UN Law of the Sea Conference. Simultaneously Washington sought a revision of the provisions of part XI of the draft convention which had been coordinated in advance. This was opposed by the majority of participants in the session, however, the United States managed to insist on the passing of Resolution II regulating the preliminary capital investments in original activity connected with polymetallic nodules.

The resolution establishes primarily the list of subjects which could lay claim to "original investor" status (that is, subjects which for some time have been engaged in original activity in the Area and have expended considerable resources in this connection). Among these are: a) India, the USSR, France and Japan (or state enterprises, physical persons or legal entities under the control of the above countries; b) four international consortia, which incorporate companies of the United States, Britain, the FRG, Japan, Italy, Canada, the Netherlands and Belgium; c) any developing state. As the resolution stipulates, before claiming "original investor" status here, India, the USSR, France, Japan and the developing countries must sign the convention. At the same time, however, it is sufficient for an international consortium to acquire such status for the convention to be signed by just one of the states whose company is participating in the consortium and which exercises effective control over it. All the "original investors" representing developed countries undertook to spend prior to 1 January 1983 no less than \$30 million on general and no less than \$3 million on direct prospecting in a specific sector. The same was to be done by the "original investors" from the group of developing countries, but only prior to 1 January 1985.

All the subjects of international law could (given observance of the conditions mentioned) submit claims for registration as "original investors" to the Preparatory Commission (PC) for the International Seabed Authority and International Law of the Sea Tribunal, which was convened in the spring of 1983 for the purpose of implementing preparatory measures for the creation of these bodies and realization of Resolution II. However, as follows from Resolution II, registration of an "original investor" cannot be an automatic act. This procedure is attended by the fulfillment of a number of conditions and obligations.

The sector for which an application has been made has to be in a region whose area and commercial value are sufficient for conducting two operations. One part of the region is reserved by the PC for the Corporation or a developing country and the other is registered to the "original investor". This is how the above-mentioned "bank system" of the granting of sectors operates. The PC may require the "original investors" to explore the reserved sector. However, as distinct from the convention, Resolution II provides for the reimbursement of outlays connected with the exploration plus interest thereon. In other words, this expenditure is viewed as credit made available for the PC.

Following registration, the "original investor" has to begin training the personnel appointed by the PC for the Corporation from the ranks of citizens of developing countries and transfer to the PC technology for the Corporation (if such does not exist on the open market). The state certifying its "original investor" is obliged to give the PC periodic accounts of its activity in the Area and also provide for the "timely granting to the Corporation of the necessary resources in accordance with the convention following its entry into force."

The PC has three working bodies, whose functions are connected with the application of Resolution II. One of them is the plenum, which discusses the rules of the registration of "original investors" and certain questions related to this. Another is the PC General Committee. It is entrusted with the practical realization of fulfillment of Resolution II on behalf of the PC. Finally, a special commission has been formed within the framework of the PC dealing exclusively with questions of the creation of the Corporation.

In practice the activity of the PC and its bodies is being made considerably more difficult by the fact that a number of Western states which signed the convention is impeding registration of the claims of the USSR, India, France and Japan (as "original investors") to sectors of the sea bed. This position is explained by the pressure of the United States, which has refused to sign the convention and is pursuing a policy of undermining it.

In the period 1983-1984 Washington was the initiator of a separate solution of contentious questions concerning the boundaries of the sectors which had been prospected by international consortia with the participation of the capital of the United States, Britain, the FRG, Italy, Belgium and the Netherlands and also by companies of France and Japan. After the demarcation had been completed, the United States forced its partners to sign on 3 August 1984 a "temporary arrangement pertaining to questions of deep-water areas of the sea bed" aimed at legalizing the intentions of the monopolies of these countries to seize and divide among themselves the most promising sectors in the Area. The cobbling together of the so-called "mini-treaty" (as a counterweight to the universal

convention) "sanctioning" the activity of the subscriber-countries outside of the framework of the convention and the PC was thereby accomplished. The conclusion of this agreement and the American authorities' subsequent issue of licences to four consortia for prospecting in the Area were emphatically condemned in TASS statements issued on 15 September 1984 and 6 June 1985 as illegitimate and arbitrary actions.

In the absence of registered "original investors" the PC naturally cannot take any practical steps to realize Resolution II in the part concerning the Corporation. The "original investor" is a donor who by fulfillment of his obligations to the PC and, subsequently, to the Authority also secures the conditions for the creation of the Corporation.

At first sight a paradoxical picture results: the international consortia operate outside of the PC framework and against it; simultaneously the PC is not registering those which are continuing to operate within its framework. In reality there is nothing paradoxical in this situation. A most acute struggle for the convention and viability of the PC is under way. The United States, Britain and the FRG, which have not signed the convention, are in fact opposed to the PC and the international regime of the Area based on the convention. A dual position is occupied by the Netherlands, Belgium and Italy, which have signed both the convention and the "mini-treaty". On the question of registration of "original investors" they are acting from positions close to those of the United States. Simultaneously some developing countries are opposed to the adoption in the PC of effective measures against the states which signed the "mini-treaty". They are thereby encouraging the parallel existence of two practices of the Area--the legitimate one based on part XI of the convention and the practice of the "mini-treaty," which is contrary to the convention and also numerous UN General Assembly resolutions. Finally, as already mentioned, certain developing countries, enacting national laws of the sea which are contrary to the convention, are knowingly or otherwise striking at the convention as a whole and, consequently, at part XI. As a result this is being reflected most directly and negatively in the interests of the Corporation.

While the plenum and PC General Committee are inactive in respect of fulfillment of Resolution II, the special commission for the Corporation is attempting to conduct a comprehensive discussion of the problems connected with its activity. For this purpose in the course of three sessions of the PC the secretariat of the UN secretary general's special representative for the law of the sea prepared a number of documents. They express many considerations of undoubtedly interest. The authors of the documents call attention to the fact that since the completion of the Third Un Law of the Sea Conference, which discussed questions of the creation of the Corporation, there has for a variety of reasons been a sharp decline in the rate of growth of the world consumption of the metals which could be extracted from nodules. This has made certain adjustments to the ideas which existed earlier concerning the profitability of the development of the Area's resources and caused a deceleration of preparatory work. The opinion is expressed in this connection that practical work on the recovery of resources in the Area will hardly begin in the next 10-15 years. On the other hand, as mentioned above, the results of R&D which has already been performed show that the anticipated outlays connected with the

creation of a large-scale extractive and treatment complex will far exceed the initial estimates and financial possibilities of the Corporation.

Attention was called to this fact during discussion of the documents prepared by the secretariat. The generally correct thought concerning the need for the search for ways for a maximum reduction in the need for financial resources for the creation of the first complex of the Corporation and also for the rationalization of its structure was expressed in the course of the discussion. One such way is the use of contract work and the granting of contracts to companies of different countries for the organization of marketing, for example. In the course of discussion in the PC the delegations of a number of states proposed an immediate start on the creation of the Corporation and its staffing even before the International Seabed Authority itself emerges.

One of them, put forward by Austria, provides for the immediate creation of a joint enterprise for the exploration, research and development of the nodules (JEFERAD). The resources for this, Austria believes, could be made available on a voluntary basis by the industrial firms and PC subscribers concerned. Having been converted into capital stock, the enterprise fund would be distributed in equal proportions between the PC and the other subjects participating in the JEFERAD.

From the political viewpoint the Austrian proposal is unrealistic insofar as such elements thereof as the principle of the voluntary nature of the financing of the JEFERAD and the contemplated voting system are unacceptable to a number of developing states. In the purely practical plane the feasibility of the goals of the enterprise (scientific research and the creation of nodule-development technology) gives rise to serious doubts. It is sufficient to say that dozens of institutes and hundreds of industrial firms in many companies are engaged in developing such technology.

Such proposals merely divert the PC from discussion of the actual problems. But they are at the same time capable of disorienting the delegations which lack as yet insufficiently well-trained specialists in questions of the creation and activity of the Corporation, which are highly complex in technical and financial respects, and prompting them to put forward absolutely unacceptable demands (which is happening). The demand for the creation of a uniform system of joint enterprise under the aegis of the Corporation which would exclude access to the development of the Area's resources of sovereign states may serve as an example. This approach has been propagandized by the delegations of a number of countries for many years. Recently it has found growing support among certain members of the Afro-Asian Consultative Legal Committee.

Joint enterprise with the participation of the Corporation as the sole mechanism of access to the Area's resources is undoubtedly a form of the "unitary system," which cannot be acceptable to "original investors" and future contractors. At the same time the convention leaves open the question of joint enterprise in the development of the Area's resources. Party XI of the convention contains merely a mention of joint enterprises or joint measures, leaving the normative development of this form of realization of the international regime of the Area to the discretion of the PC. This affords the PC an opportunity to adapt part XI to the changed economic and political conditions.

All the ideas and proposals concerning joint enterprises with the Corporation which have been advanced hitherto have proceeded from several principles basically corresponding to the interests of one group of countries: first, the division of the capital stock in any event in favor of the Corporation, although the other side should be the real investor; second, the reservation for representatives of the developing countries of over half the positions on the board of a mixed company; third, the maximum participation in the personnel of a mixed company of citizens of this group of states.

As an argument in support of such a division of the capital stock the representatives of a number of developing states referred to the Corporation's granting of raw material resources for a mixed company. Yet the convention does not contain any provisions concerning the fact that the Corporation or the Authority even may be the owner of the resources located in the Area. The automatic extension of the national mining legislation of the host countries to the international regime of the Area cannot be recognized as legitimate. An attempt to impart to the Authority the status of the owner of title to the Area's resources was rejected back in the course of the Third UN Law of the Sea Conference. For this reason the question of the quotas of the parties in joint companies with the Corporation should be decided on the basis of these parties' actual contribution to the company's initial capital. This provision should also be reflected in the composition of the board of such a company and also in the structure of its personnel.

The proposal concerning joint enterprise which was submitted to the PC by the FRG delegation provided for according the Corporation the right to choose its partners when organizing mixed companies. Such a practice could affect the interests of sovereign states and lead to discrimination and other illegitimate actions. A different approach should operate when organizing mixed enterprise--according the right to be a part to a joint company to a state subscribing to the convention or physical person or legal entity which submits the appropriate claim and becomes an investor. It is essential here, of course, to ensure observance of the antimonopoly provisions adopted in the convention aimed at preventing the monopolization of the Area and its resources by any one country or group of countries.

No system of mixed enterprise with the participation of the Corporation should be detrimental to the right of sovereign states to access to the Area's resources. When organizing such a system we should be guided by the goal of the efficient development of the Area's resources with the participation of the Corporation, which presupposes minimizing the expenditure of the states subscribing to the Authority on the creation of a single integrated complex for the recovery, transportation and treatment of the nodules and the sale of the metals that are obtained. It is essential for this to elaborate the most rational forms of the attraction of the fixed production and nonproduction capital of the "original investors," employing leasing, maintenance contracts, sharing of the products, joint enterprise and so forth.

This would afford an opportunity for solving the problem of the shortage of financial resources in connection with the possible nonsubscription to the convention of countries with a high proportion of contributions to the UN administrative budget. Any attempts to shift the replenishment of the deficient financial resources to the states subscribing to the convention would only hamper constructive quest for other, really acceptable solutions.

The correct organization of the Corporation's relations with the Authority Council is no less important for its viability. Back in the course of discussion of this question at the Third UN Law of the Sea Conference certain delegations strove persistently for the Corporation's maximum independence of the Authority. The incorporation in the convention of a provision providing for the Corporation's subordination to the instructions and directives of the Council was the result of a very stubborn struggle. For this reason an important place in the work of the PC must be occupied by the question of the standards and rules of preparation in the Council of the said directives and also of the methods and mechanisms of control of the activity of the Corporation. Inasmuch as regular control of the "original investor" will be exercised by the PC prior to the convention taking effect it would seem advisable in the phase of work of the PC to prepare an analogous process for the Corporation also.

Thus the provisions of the convention pertaining to the Corporation and of Resolution II are being realized under conditions considerably different from those which existed in the period of the elaboration and adoption of these documents. Disregard for the new factors affecting the future development of the Area's resources and also the broad spectrum of highly dissimilar positions of different states in respect of certain problems of part XI would lead to the loss of a future for the Corporation. The PC is now confronted with very critical tasks, whose accomplishment could play an important part in ensuring the viability of the UN Law of the Sea Convention and the international regime of the Area. The main ones are registration of the "original investors," use of their assistance in the preparatory process for the creation of the Corporation, elaboration of operational alternatives of the structure of this economic subdivision of the Authority and choice of the most effective version of the minimization of the outlays of the states participating in the Corporation, which would facilitate ratification of the convention by the main donor-countries and the creation of the Authority.

At the same time while a practical search is under way in the PC for ways of providing the Corporation with investment resources and while the delegations of the countries which signed the convention are elaborating a compromise whose acceptability would be of a universal nature it is essential to begin the theoretical interpretation of the new relations between countries which have manifested themselves in the process of creation of the Authority and the Corporation. Joint production based on joint possession and control of resources of general use and organized at the intergovernmental level and within the framework of rules of international law represents a new, unprecedented element in the system of international economic relations and in the mechanism of states' economic cooperation. All this requires in-depth theoretical analysis and a cautious and realistic approach taking into consideration the interests of all the states concerned.

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CHANGES IN WEST EUROPEAN IDEOLOGY, ECONOMIES SEEN

Moscow APN DAILY REVIEW in English 12 Sep 85 pp 1-3

[APN item under the rubric "Scanning Periodicals": "Review of the Journal MIROVAYA EKONOMIKA I MEZHDUNARODNYYE OTNOSHENIYA No 9, 1985"]

[Excerpt] In the article "Distinctive Features of State-Monopoly Capitalism in Western Europe" V. Shenayev writes that the disintegration of the colonial system after the Second World War affected the monopoly structures primarily in Western Europe. So colonialism did collapse but it was immediately replaced by neocolonialism. British imperialism for example, is still characterized by a wide gap between the national economic potential and the strong financial capital relying on the overseas might of its monopolies. French imperialism has changed, too, but strong positions of the banks compared to industry are still typical of it as before. The major feature of state-monopoly capitalism in West Germany is the "high organization of financial capital".

One of the principal distinctions of the West European region is the fact that the centripetal trends have come to be reflected in integration processes and in the emergence of a force center here along with the U.S. and Japan. Internationalization of economic affairs has led to the intermingling of capital and to the development of international monopolies and international capital. West European integration has brought about numerous interstate agreements and even supranational organizations.

The author points out that the postwar period in West European countries was marked by an evolution of bourgeois and social reformist theories of state regulation of the economy. The close linkage of economic doctrines not only with state politics but also with the platforms of the ruling parties reflects the impact of political infighting on the formation of economic policies. Since the mid-1970's there has been a marked polarization of party and political forces. There is an obvious rightward drift, for example, in Britain, West Germany, Norway, Denmark, Belgium and Iceland. This growing neoconservativism is accompanied by attacks on the public sector. In contrast to this, in Greece, Portugal, Spain and France there has been a shift to the left which has somehow reversed in the 1980's, though, in France and Portugal.

The main political result of these changes in the socio-economic field is the imposition of economic "austerity measures" and the renunciation of social

consensus with the attendant restriction of social reformism typical of postwar capitalism. In other words, the ruling circles in a number of countries are trying to use the mechanism of political decision-making for creating a model of economic regulation best suited to the interests of the monopolies. The model provides for dealing with crisis phenomena mainly through stronger exploitation of the working masses.

At the moment, even though the global strategy of the bourgeoisie is common for all countries, there are still two main conflicting variants of state-monopoly regulation in Western Europe: a conservative variant with the emphasis on private-monopoly control levers and on the limitation of the state's economic and social functions, and a bourgeois reformist variant.

A fundamentally different class approach to the settlement of the cardinal problems of modern time is suggested by the communists and other left-wing forces. Their democratic programs for the emergence out of the crisis and for the establishment of new economic structures provide for the restriction of monopoly power on the basis of massive anti-imperialist struggle.

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## SRV ECONOMIC REFORMS TO DEAL WITH PROBLEMS

Moscow MIROVAYA EKONOMIKA I MEZHDUNARODNYYE OTNOSHENIYA in Russian No 9,  
Sep 85 pp 79-89

[Article by M. Isayev: "Socialist Vietnam--40 Years of Struggle and Building"]

[Excerpt] With the complete liberation of South Vietnam from the domination of the pro-imperialist puppet regime in 1975 the conditions were created for the growth of the national popular-democratic revolution into a socialist revolution within the framework of the entire country. Of importance for the successful development of this process was, as Le Duan, general secretary of the party Central Committee, declared at the Fourth Vietnam Communist Party Congress in December 1976, the fact that "in 20 years of transformations... it was possible in North Vietnam to initiate the building of the socialist social-economic formation with the corresponding socialist production relations and first principle of the material-technical base of socialism and with a strengthening state of dictatorship of the proletariat and a socialist ideology and culture."\* The congress determined the arterial directions of the advance of a united Vietnam along the path of socialism. The Vietnamese communists took account of the fact that the direct transition to socialism, bypassing the capitalist development phase, represents a complex process which includes a set of profound changes in the social, economic, technical and cultural-ideological spheres and requires tremendous efforts by the party and all the working people.

The existence of acute and complex problems (the need for the restoration of the production forces, which had been undermined by the war, the tackling of urgent tasks in the social sphere and also the surmounting of the consequences of neocolonialism in South Vietnamese society and the advancement of North and South along the path of economic integration) pointed to the expediency of the elaboration and realization of a policy which would provide for, in Lenin's words, a slower, more cautious and more systematic transition to socialism.\*\* Paramount attention was paid to the elaboration of the economic program of the building of socialism. It emphasized first of all the need for an all-around upsurge of agriculture, which was to create the foundation for subsequent industrialization--the central task of the transitional period.

\* See "Fourth Vietnam CP Congress," Moscow, 1977, p 24.

\*\* See V.I. Lenin, "Complete Works," vol 43, p 199

It was possible in the Second Five-Year Plan (1976-1980) to overcome many difficult consequences of the protracted war. The material-technical base of the national economy strengthened. In 1980 national income had increased 18 percent compared with 1975, and the agricultural gross product had increased 19 percent. Approximately 60 percent of the gross social product and half the national income of the whole country were being produced in the socialist sector of the economy by the end of the 5-year plan.

Appreciable changes in the socioeconomic sphere occurred in South Vietnam. A state sector was created and has strengthened in industry and commerce there. Great significance has been attached to the transformation of private-capitalist industry by means of the organization of mixed state-capitalist enterprises. In the sphere of commerce more than 60,000 big and middle businessmen have ceased their activity and switched to the material production sectors.

In the agriculture of the South the main attention was paid at the first stage to the most local forms of its collective management. Such an urgent task as the confiscation of land surpluses from the rich-peasant stratum and their reallocation among the landless and land-hungry peasants was tackled simultaneously. By 1980 such forms encompassed more than one-third of peasant homesteads.

The socioeconomic appearance of the Socialist Republic of Vietnam (SRV) had been changed fundamentally on the eve and at the outset of the 1980's by the efforts of the party and the people. However, the economic situation remained quite strained. It was not possible to fulfill the 5-year plan in a whole number of important indicators, in the sphere of agriculture included. The Vietnamese leaders emphasized that "the results of implementation of the economic plans in the 5-year period (1976-1980) did not lead to the removal of the serious disproportions in the national economy."\* The growth of the population exceeded the production growth rate. Domestic sources of accumulation remained extremely limited. There were difficulties in the life of the working people, particularly workers and employees employed in the state sector.

The complex situation in the economy was explained primarily by factors of an objective nature, particularly by the fact that for essentially all the years of its existence the SRV has been forced to repulse the incessant encroachments of the forces of imperialism and hegemonism on the revolutionary gains of the Vietnamese people. The country has had to allocate considerable material and human resources, so necessary for peaceful building, for the purpose of strengthening the defense capability. The situation has been made worse by the continued predominance in the economy of small-scale production.

At the same time, as the Vietnamese comrades observed, there have also been factors of a subjective nature, particularly miscalculations in planning and management of the economy. In the course of their in-depth critical analysis of the mistakes that had been committed it was emphasized that in the process of realization of the correct strategic line of the fourth congress elements of

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\* "Fifth Vietnam CP Congress," Moscow, 1983, p 19.

voluntarism and "premature anticipation" had been permitted at times. This line was not always underpinned by a specific scientifically substantiated program of the accomplishment of urgent economic tasks.

Practice showed that the system of management of the economy which had taken shape in the war period was insufficiently effective for tackling complex tasks under peacetime conditions. Furthermore, the preservation of the former methods of management (the high centralization of planning and managerial functions and material and financial resources and the limitation of commodity-money relations) was an obstacle in the way of realization of the economic policy of the party and the state.

An urgent need for a qualitative improvement in the activity of all the main components of the economic mechanism in the agrarian sector was ascertained also. Speaking of the causes of the difficulties which arose here, the SRV press emphasized that the policy pursued in the latter half of the 1970's "of purchases and procurement prices, equalizing distribution, violation of the rights of the cooperatives and the peasants and the absence of a combination of state, collective and personal interests--none of this stimulated the peasantry to active work in the cooperative sector."\*

Drawing the appropriate conclusions, the Vietnamese communists outlined a wide-ranging program of measures aimed at bringing order to bear in the economy and at its all-around upsurge.

## II

A big landmark on the path of Vietnam's advance toward socialism was the Fifth Vietnam CP Congress in March 1982. It confirmed the main directions and tasks of the country's socioeconomic development in the current 5-year period (1981-1985) and through the end of the 1980's.

The congress determined that the material-technical base of socialism in Vietnam would be built in several stages. The period up to 1990 is the initial stage of the creation of the material and organizational prerequisites for subsequent socialist industrialization. It is characterized by emphasis on the growth of agricultural production and the increased manufacture of consumer goods and export products. Together with this particular attention is being paid to an acceleration of scientific-technical progress and preparations for the speedier development of basic engineering at subsequent stages. In the North of the country it was deemed advisable to preserve for a certain time three economic structures (state, collective and individual) and in the South five (state, collective, individual, state-private and private-capitalist).

The current 5-year period (1981-1985) has been marked by the Vietnam CP's multilevel efforts to mobilize the working people for the accomplishment of the tasks outlined by the fifth congress. A large set of measures aimed at the further development of the production forces is being implemented. An economic reform on the scale of the entire economy was begun in the first years of the

\* LUAT HOC No 79, 1980, p 46.

5-year plan even. Its essence is the further strengthening and improvement of state planning with the simultaneous broadening of economic initiative locally, the more active use of economic levers, the extensive introduction of various forms of material stimulation and the reorganization of the organizational structure of the economic mechanism. The main attention is being paid to an improvement in planning and management at the industrial enterprises and in the agricultural cooperatives directly.

For realization of the set goals decrees have been adopted providing for a broadening of the independence of state industrial enterprises and a reduction in the sphere of directive planning. In particular, the number of plan indicators sent out from above was diminished. Activity in seeking and using intrinsic production potential and local raw material resources is being stimulated. As of 1981 the enterprise plan has come to be formed on the basis of two indicators--quotas for the manufacture and sale of the basic product confirmed from above and supported by material resources along centralized supply lines and also quotas for the manufacture of the basic and supplementary product determined by the enterprise independently, given self-provision with working capital.

Depending on the extent of the supply of state raw material, intermediate products and energy, enterprises are divided into three categories. To the first pertain industrial facilities of great national economic importance and enjoying a preferential right to state material-technical supply. The second is composed of enterprises supplied by the state only partially; but they may ensure a fuller equipment load by way of purchases of local raw material and intermediate products or by means of the organization of shops for the manufacture of additional products outside of the framework of the basic production profile. The third category incorporates the small-scale, unprofitable enterprises.

The entire basic product of an enterprise, irrespective of the raw material from which it is manufactured, is subject to sale to the state. Together with this it is permitted to use part of the basic product made from "in-house" raw material and intermediate products for exchange with other organizations for the purpose of obtaining the necessary working resources. The supplementary product should be channeled predominantly into state trade. However, an enterprise may sell it to trading cooperatives or sell it independently. It may allocate up to 10 percent of the supplementary product (if the latter consists of consumer goods) for the purpose of material encouragement of the workers and employees. From 80 to 85 percent of the profit obtained as a result of the sale of the product manufactured over and above the directive plan quotas also remains with the enterprise.

The work on broadening the production-economic independence of the enterprises, which has been performed in parallel with the active introduction of piece-rate remuneration in industry, is already bearing fruit. In particular, production has increased, the use factor of fixed production capital has risen, raw material and intermediate products have come to be consumed more economically and the workers' and employees' income has grown. At the same time certain enterprises have begun to manufacture from state raw material and intermediate products output per the second part of the plan in order to obtain greater profits. In a number of cases the finished products due to be sold to the state

have been sold on the unorganized market. The Vietnam CP Central Committee Sixth and Seventh plenums, which were held in 1984, called for a struggle against such negative phenomena and a search for ways to further improve the system of management of the state sector in industry and trade.

The average annual rate of increase in the gross industrial product in the period 1981-1984 constituted 12.8 (2.5 percent in the period 1976-1980). Industry, as the SRV Seventh National Assembly Sixth Session (December 1984) observed, has begun to satisfy more fully agriculture's producer goods needs and has increased the processing of the product of the latter. The manufacture of consumer goods in the local and handicrafts industry sectors has expanded. The main emphasis in the development of industry is being put on an acceleration of the development of the sectors producing consumer products. As a result the proportion of group "B" sectors in the gross industrial product increased from 59.7 percent in 1980 to 65.2 percent in 1983.

The growth of the manufacture of certain basic types of industrial product is characterized by the following data: from 1980 through 1983 the production of electric power increased from 3.6 billion to 4.2 billion kilowatt-hours, of hard coal from 5.3 million to 6.2 million tons, cement from 637,000 to 907,000 tons, lumber from 473,000 to 512,000 cubic meters and cloth from 173 to 287 million meters.

Cardinal changes have also occurred in the agricultural management mechanism. Their purpose is to achieve a solution of the food problem and ensure the concentration of food stocks in the hands of the state. A significant step in the said direction were the measures to stabilize compulsory supplies and permit on a certain scale free trade in product surpluses. According to the new form of management imposed at the start of the 1980's, the peasants surrender grain to the state along tax-in-kind and compulsory supply lines and receive the industrial commodities which they need in exchange. The remainder of the commodity product and also the product obtained as a result of increased production may be sold to the state by the cooperatives and individual peasants at higher contract prices, exchanged for an additional quantity of industrial products or sold on the market.

In the interests of the increased assertiveness of the peasantry in the agricultural production cooperatives a new system of the organization and remuneration of labor has been extensively introduced as of 1981 which combines the brigade method with the so-called "family contract". Its meaning is the following: the specialized brigades perform operations requiring the use of machinery (plowing, reclamation operations, for example), while the remaining types of work are performed by peasant family cooperative members on the plots of land assigned to them for several years. Proceeding from an assessment of the fertility of the plot and other factors, a plan quota is determined for the peasant family for the production of a certain volume of this crop or the other due to be surrendered to the cooperative. All or the bulk of the product obtained over and above the contract is at the family's disposal. The peasants may dispose of this product at their discretion (they have the right to sell it to the state at incentive prices double those of purchase prices or on the so-called "free" market).

Under the conditions of the predominance in agriculture of manual labor the above-mentioned measures have produced pretty good results. The rural workers' interest in more assertive work in the cooperatives has risen. Labor productivity has grown appreciably. Currently the new system of the organization and remuneration of labor is being applied in practically all agricultural cooperatives of the flatlands of the central provinces and in the overwhelming majority of cooperatives and production brigades in the southern part of the country.

The process of cooperativization on the scale of all Vietnam has developed in stages. In the North the collectivization of the peasantry was completed, in the main, in 1960. In the coastal parts of Central Vietnam and on the Central Plateau, that is, where socioeconomic transformations were implemented during the liberation struggle in the zone controlled by the NFLSV, cooperativization was completed in 1978-1979. There were over 23,000 small production groups and more than 200 cooperatives in the southern provinces by the start of 1985 which united approximately 50 percent of the agricultural land and more than half of the peasant homesteads. Big changes have occurred in land redistribution. Approximately 64,000 hectares of land were transferred to the land-hungry peasants in 1983 alone. And up to 400,000 hectares have been redistributed altogether since 1975. At the same time the Vietnamese comrades note that there are still many omissions and formalism in the movement for the cooperativization of agriculture in the South. A number of areas have announced the creation of small production groups, but the land has yet to be socialized.\*

The efforts of the party and state authorities in the southern provinces are now concentrated on tackling such tasks as the peasants' further transition to the path of collective operation (mainly in the form of production brigades) and expansion of the network of supply-sales and consumer cooperatives. The most serious attention is being paid to strict observance of the principles of the gradual and voluntary approach when enlisting rural workers in the cooperatives.

The current 5-year plan has been marked by a pronounced growth in the productiveness of agriculture. In the first 3 years the average annual increase in the harvest of food crops amounted to 1 million tons, which was five times higher than the corresponding indicator in 1976-1980. The gross food crop harvest increased from 14.1 million tons in 1980 to 17 million tons in 1984. As a result, despite the considerable increase in population, per capita food production grew from 268 kilos in 1980 to 300 kilos in 1983. The gross animal husbandry product in 1983 exceeded the 1975 level by 38 percent.

In accordance with the policy of the Fifth Vietnam CP Congress and subsequent Central Committee plenums, work on the transformation of the nonsocialist structures is being continued consistently in the sphere of circulation also. While exercising intermediary functions between industry and agriculture and city and countryside which are important as a whole for economic development the petty tradesmen are at the same time frequently attempting to take advantage of the economic difficulties and are engaging in speculation. Certain elements of the trading bourgeoisie in complicity with the rural bourgeoisie are attempting to

\* NHAN DAN, 30 September 1984.

take advantage of the economic difficulties and are engaging in speculation. Certain elements of the trading bourgeoisie in complicity with the rural bourgeoisie are attempting to disorganize the market and introduce chaos in the sphere of circulation not only in the South Vietnamese provinces but in the country as a whole. The task is being advanced in this connection of finding optimum ways of directing the economic possibilities of the private sector into the channel of the common interests of the country's economic upturn.

An important lever in an improvement in the management of this sector in industry and trade is the tax system. The new commercial-industrial tax approved at the start of the 1980's incorporates a profits tax, turnover tax and a patent tax. Differentiation of the turnover and profits tax rates depending on the sphere of business is provided for. In the material production sectors such rates are set lower than, for example, in the services sphere. The number of persons employed in private trade is still considerable: it was composed of 1.8 million persons in 1983.\* The state is striving for a reduction in the amounts of unjustified income in trade and public catering, where a trend toward the spontaneous growth of private enterprises has been observed recently.

Currently the efforts of the party and the state are geared to realization of the decisions of the Vietnam CP Central Committee Eighth Plenum, which was held in June 1985 and which was devoted to a reform of the price and wage system. The plenum pointed to the need for a reorganization of this system such that it become an effective lever of production growth and correspond in full to the principles of distribution according to labor. The comprehensive measures in this sphere outlined by the plenum are designed to contribute to a rise in the well-being of the working people, primarily the workers and employees of the state sector, the creation of domestic sources of accumulation for socialist industrialization and the extension of the socialist transformations being implemented in the SRV.

The growth of production in industry and agriculture has contributed to a strengthening of the export base, which has been reflected positively in the volume of foreign trade turnover (it is showing a tendency to increase in the current 5-year plan). The bulk thereof is accounted for by the CEMA countries. The main place in the supplies of commodities from Vietnam is occupied by lumber, natural rubber, tea, coffee, vegetables, fruit and industrial consumer goods. Power engineering, mining and materials handling equipment, agricultural and road-building equipment, petroleum products, fertilizers, rolled ferrous metals and motor vehicles are imported, mainly from the Soviet Union. The USSR's foreign trade turnover with the SRV increased from R206 million in 1975 to R1,139,000,000 in 1983.

The implementation of measures to improve the management of the economy has been reflected positively in the country's economic development. In the period 1981-1984 the average annual rate of increase of national income constituted 7.9 percent compared with 1 percent in the period 1976-1980. In 1983 national income catered fully for the social consumption fund, which previously was formed partly from foreign aid.

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\* NHAN DAN, 6 August 1984.

Socialist Vietnam has scored considerable successes in the solution of social problems and the development of education, health care and culture. The country has 93 higher educational institutions, in which more than 130,000 students are being educated. Some 112,000 persons are studying in 280 secondary specialized educational institutions. Some 12,000 general educational schools are teaching approximately 12 million students. Valuable assistance in the training of highly skilled personnel is being rendered by the Soviet Union. Approximately 5,000 Vietnamese students have been taught in 150 VUZ's in 33 cities of the USSR in the 1980's.

The working people's achievements in the socioeconomic, cultural and other spheres are the result of the consistent and purposeful activity of the Vietnam CP, which now consists of over 1.8 million communists. In 1984 the party ranks were reinforced by 64,000 new members. It is important that a growth of the proportion of workers and brain workers has been discerned.

A great deal of work is being performed by the Vietnam Fatherland Front (formed in 1955), which unites parties (Communist, Democratic and Socialist) and other public organizations. An active role is being performed by the Vietnam Federation of Trade Unions, the Ho Chi Minh Communist Youth Union, the Vietnam Women's Union and the Vietnamese Youth Federation. These mass organizations are dependable assistants of the Vietnam CP--the vanguard force of Vietnamese society.

A profound change in the consciousness of the working people, who have become the true masters of their own country, is occurring under the impact of the inception and strengthening of fundamentally new production relations. The social structure of society is gradually changing and the role of the working class is increasing, which is connected both with its quantitative growth and rise in ideological-political maturity, education and professional level.

The fundamental changes which have occurred in Vietnamese society were enshrined legislatively in the country's constitution, which was adopted in December 1980 and which proclaims the SRV a state of dictatorship of the proletariat, the basis of which is the alliance of the working class and peasantry, given the leading role of the proletariat.

### III

The nature of the SRV's foreign policy ensues from the very nature of socialism. It is subordinated to the interests of peaceful creation and is aimed at the creation of favorable international conditions for socialist building. Its basic directions at the current stage were formulated as clearly as could be in the documents of the Fifth Vietnam CP Congress. Consolidation of the ties of friendship and the expansion of cooperation with the fraternal countries on the principles of Marxism-Leninism and socialist internationalism is, as the congress pointed out, a task of paramount importance. The SRV appears in the international arena as an enterprising force consistently championing the interests of world socialism and the national liberation movement and standing firmly on the side of the fighters for peace, democracy and social progress.

With the SRV's joining of CEMA in June 1978 and its conclusion of friendship and cooperation treaties with the USSR, the GDR, Bulgaria, the CSSR, Mongolia, Hungary, Laos and Cuba its relations with the fraternal socialist countries rose to a qualitatively new level.

The SRV's relations with the Soviet Union run a diverse spectrum. Relations are developing at the interstate and interparty level. Mutually profitable trade-economic cooperation is expanding. Relations are strengthening in the sphere of science, technology, culture and so forth.

Disinterested assistance on the part of the USSR is performing an exceptionally important role in the upturn of Vietnam's economy. With our country's technical assistance 269 national economic facilities had been restored, modernized and built by the start of the 1980's. In the present 5-year plan the Soviet Union is rendering the SRV assistance in the design and installation of approximately 100 facilities, among which are such important ones as the Hoa Binh hydropower system on the Black River with a capacity of 1.92 million kilowatt-hours, the (Falay) Heat and Electric Power Station with a capacity of 640,000 kilowatt-hours, a cement plant in (Bim Shon), coalmines of (Mongzyong) and (Vangzan') and the Thang Long Bridge across the Red River in Hanoi. Great attention is being paid to work on the prospecting for and production of oil and gas on the continental shelf of the southern part of the country. The "Vietsovpetro" joint Soviet-Vietnamese enterprise was created for this purpose in Vung Tou.

The signing in November 1983 of a long-term program of the development of the economic and scientific-technical cooperation of the USSR and the SRV lent new impetus to the expansion of bilateral relations.

An important landmark in Soviet-Vietnamese relations was the friendly visit to the USSR from 26 June through 1 July 1985 of an SRV party-government delegation headed by Le Duan. M.S. Gorbachev's meeting with Le Duan on 28 June confirmed the unity of views of the two parties and countries both on fundamental problems of the international situation and on urgent questions of Soviet-Vietnamese cooperation.

Considering Vietnam's urgent needs for the purpose of accelerating the development of the leading sectors of industry and agriculture, strengthening the country's defense capability and enhancing the population's well-being, the Soviet Union, guided by the Leninist principles of socialist internationalism, adopted the decision to expand economic assistance to the SRV and grant it new credit for the period 1986-1990 on preferential terms and also to postpone payment on credit which had been granted earlier. Supplies to Vietnam of such important commodities for the national economy as petroleum products, rolled products and cotton will be increased. The sides agreed to channel efforts into the planning and construction of facilities of importance for Vietnam's economy and the development of its export base. These are major tasks, specially if it is considered that in the current 5-year period even the volume of Soviet-Vietnamese trade-economic cooperation had doubled compared with the period 1976-1980.

"The Vietnamese communists and all SRV working people," M.S. Gorbachev emphasized, "may be firmly assured that the cause of socialist building on Vietnamese soil and the cause of Vietnam's freedom and independence will continue to have a firm support in our solidarity. The policy of strengthening Soviet-Vietnamese friendship and cooperation is a fundamental policy of our party and country."\*

The SRV's trade-economic relations are developing intensively with the other socialist community countries also. Two brick and one forage plants and a cold store have been commissioned and canning plants are being installed with Bulgaria's assistance. Hungary is participating in the construction of the Thanh Hoa Heat and Electric Power Station, a spinning mill, a factory for the production of veterinary vaccine and poultry factories. The GDR is assisting in the construction of a garment factory, a rosin plant, an oil refinery, a fruit cannery and a brewery and in the modernization of the printing house in Hanoi. Cuba is helping build highways, animal husbandry complexes and a hospital. Engineering and timber, light and food industry are being developed with the assistance of the CSSR.

An SRV delegation headed by Comrade Le Duan took part in the top-level CEMA economic conference in Moscow in June 1984. In accordance with its directions, the 34th meeting of the CEMA session (November 1984, Havana) adopted the decision to create in Vietnam bauxite production and processing capacity by the CEMA states' joint efforts.

Complex relations have taken shape between the SRV and the PRC. A scrupulous position in this question was formulated as clearly as could be by the Fifth Vietnam CP Congress, which pointed out that the Vietnamese people sincerely aspire to an improvement in relations with the PRC on the principles of peaceful coexistence; at the same time they will continue to repulse any attempts at hegemonist interference in the SRV's internal affairs.

As an Asian state, Vietnam naturally attaches great importance to the struggle for the consolidation of peace and stability on the Asian subcontinent and supports the peace initiatives of the USSR and the other socialist states and also of the nonaligned countries aimed at the strengthening of security in Asia and in its adjacent sea and ocean expanses.

In the course of the top-level Soviet-Vietnamese negotiations held at the end of June 1985 both sides confirmed their adherence to the idea of the conversion of the Asian continent into a zone of peace and equal cooperation and supported a stimulation of the quest for constructive and mutually acceptable ways of solving the problems of ensuring peace and security in Asia. The convening in the future of an all-Asia forum to examine the entire set of questions pertaining to ensuring security on this continent would be of importance, they believe.

The SRV expresses full support for the USSR's scrupulous position at the Soviet-American negotiations in Geneva, believing that the United States' association with the moratorium on the creation, including scientific research, testing and

\* PRAVDA, 29 June 1985.

deployment of strike space arms for the entire period of the Geneva negotiations announced by the Soviet Union would be of importance for the success of these negotiations.

The important Soviet foreign policy initiative providing for the Soviet Union's unilateral cessation of all nuclear explosions as of 6 August of this year elicited extensive comment and full support in Vietnam. The new peace initiative of the USSR delivered by M.S. Gorbachev, general secretary of the CPSU Central Committee, a special statement of the Vietnam Fatherland Front Central Committee Presidium of 1 August 1985 emphasized, is a most important step aimed at curbing the arms race. The Soviet Union's Leninist foreign policy course corresponds to the interests and cherished aspirations of all peoples of the world aspiring to lasting peace and security and the prevention of nuclear catastrophe.

A particular place in the SRV's foreign policy is occupied by measures to further strengthen the traditional relations of friendship, cooperation and mutual assistance with Laos and Cambodia. Extensive interaction has been organized with these countries in various spheres--political, scientific-technical, cultural and others. It is developing on both a bilateral and trilateral basis. A meeting of the top leaders of the SRV, Laos and Cambodia in February 1983 confirmed the joint fundamental line aimed at the further strengthening of the all-around cooperation and mutual assistance of the three states based on friendship, complete voluntariness and mutual benefit.

In the international arena the Vietnamese leadership is paying particular attention to joint steps to settle the problems of Southeast Asia, turn this region into a zone of peace and establish a dialogue with the ASEAN states. The constructive initiatives of the SRV, Laos and Cambodia aimed at a normalization of the situation in Southeast Asia are gaining increasingly great recognition in the world.

Vietnam is an active participant in the nonaligned movement. It joined its ranks at the conference of nonaligned states in Lima (Peru) on 23 August 1975. The SRV supports in every possible way the emergent countries' struggle against imperialism and hegemonism, in defense of national independence and sovereignty and for peace and the establishment of a new international economic order.

Following Vietnam's reunification in 1976 the geography of its diplomatic and trade-economic relations with the developed capitalist countries expanded appreciably. The SRV advocates the maintenance and development of normal relations with them on an equal, mutually profitable basis. However, following the ouster in January 1979 by the Cambodian people with Vietnam's fraternal assistance of the criminal Pol Pot regime a number of capitalist states, including certain Common Market countries and Japan, participated under U.S. pressure in a kind of "economic blockade" of the SRV. This entailed a reduction in or a winding down of normal economic relations with the given states. At the same time Vietnam's relations with such countries as France, Sweden and Finland are of a stable nature.

Having become a member of the United Nations on 20 September 1977, the SRV is participating assertively in its activity. The fact that in 1985 some 112 states maintained diplomatic relations with Vietnam and over 60 trade relations with it is evidence of the international community's recognition of the country's peace-loving foreign policy course.

The salutary impact of Vietnam's peace-loving policy is being reflected increasingly tangibly in the development of the situation on the Asian continent, and beyond also, in the peoples's struggle for peace, democracy and social progress. Relying on the support of the other countries of the socialist community and operating in single formation with Laos and Cambodia, socialist Vietnam has become a reliable outpost of peace and socialism in Southeast Asia.

"Vietnam's growing role in the international community and in the nonaligned movement and its clear position of peace and defense of the rights of peoples which have embarked on the path of self-sufficient, independent development," M.S. Gorbachev emphasized in his speech at the Fifth Vietnam CP Congress, "are acting increasingly as significant factors of the strengthening of security in Asia and throughout the world. And Soviet people are pleased that in the international arena, as in tackling tasks of peaceful building, we are acting hand in hand."

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## MAY 1985 BONN 'BIG SEVEN' SUMMIT MEETING DISCUSSED

Moscow MIROVAYA EKONOMIKA I MEZHDUNARODNYYE OTNOSHENIYA in Russian No 9, Sep 85 pp 90-97

[Yu. Yudanov report: "Vain Search for a Joint Economic Strategy"]

[Excerpts] The start of May 1985 was unusually cold and wet in the West German capital. The flowers were opening reluctantly, and the buds on the fruit trees were splitting. Army subunits had been brought into Bonn's government districts, and heavy armored vehicles appeared at the most important intersections. Over 10,000 police, who had come from various parts of the country, carefully checked passing transport. Bonn was preparing for the arrival of the leaders of the six leading capitalist countries and the president of the European Communities Commission for the latest summit.

### Basic Goals and Principles

The regular annual meetings of the leading figures of the West's leading industrial countries are 10 years old. The first such meeting was held in 1975 in the Rambouillet Palace near Paris. The state leaders of the United States, Japan, Great Britain, France and the FRG took part at that time. They were subsequently joined by Italy and Canada. Leading EEC figures also have taken part in the discussions in recent years, but the name--"top-level meetings of the seven"--has been preserved.

Now the summits, which are officially termed economic, are starting to perform one further important function--political. They have become the sole conference, of sorts, at which the heads of the leading industrial powers of the Western world regularly meet. "The federal government," the well-informed West German journal SCALA observed, "sees such meetings as a forum for the proclamation of joint policy goals."\* But foreign policy problems were included in the final declaration only at the Vienna meeting (1980). Four policy statements were approved at the London meeting, while at the last Bonn meeting two separate declarations--political and economic--were adopted. This testifies that the regular meetings of the "seven" are becoming an important organ of the mutual exchange of opinions in which attempts are made to formulate the joint strategy of state-monopoly capitalism.

\* SCALA No 4, 1985, p 44.

What is the principle of the functioning of these meetings and of what kind are their mutual relations with the numerous international organizations and associations which have a direct impact on the state of world-economy relations? It is well known, for example, that problems of international trade are discussed and partially regulated within the GATT and OECD framework, currency-credit problems via the IMF, the movement of long-term capital and relations with the developing countries via the OECD and the World Bank, energy problems within the International Energy Agency framework and so forth.

As defined by an American "sherpa" (as the Western press calls the official advisers who prepare the meetings' final communiques) put it, "the top-level meetings are a kind of brain guiding the mechanisms of the numerous international organizations aimed at stimulating their activity and formulating global directions."\* The lack of immediate and noticeable results of the meetings is frequently caused by the complexity and length of the process of realization of the accords via the mechanism of the operating organizations.

But there is another, more important reason--the growth of interimperialist contradictions. The participants in the meeting are altogether unable to agree on the pursuit of a joint policy or to agree merely on the coordination of goals without mutual commitments. "Inasmuch," the weekly DIE ZEIT observed, "as no overall strategic concept of the West's development exists the meetings of the 'seven' are the sole and necessary forum at which attempts are made to formulate methods of mutual political adaptation to the different interests of the superpower of the United States, the Far East giant of Japan and West Europe."\*\*

No operative decisions have been adopted any longer in the 1980's. At the meetings of the "seven" there have been merely nonbinding exchanges of information and opinions. The final communiques have set forth general principles, with which each party could compare his methods and the main directions of the regulation of economic processes.

In preparing the latest, 11th, "summit" the FRG Government declared that it would like to overcome the weak aspects of the meetings, bring them back to the firm ground of reality and return to practical discussion.

The press close to government circles would have people believe that "there was increased approximation of the basic views on the main principles of economic policy. There was increased awareness of the need for the implementation of economic and credit-monetary measures which would not lead to a rise in inflation. This policy has already been successful for the FRG, and the federal government will endeavor at the Bonn meeting to consolidate this concept and broaden it on the basis of international cooperation."\*\*\*

\* POLITIK, April 1985, p 3.

\*\* DIE ZEIT, 3 May 1985.

\*\*\* POLITIK, April 1985, p 3.

### Main Economic Problem

Not long before the Bonn meeting the journal's own correspondent met with a "sherpa" who had taken part in preparation of the economic declaration. In response to the question as to what the main problems to be discussed were, he named five: stable economic growth and a possible reduction in unemployment, the developing countries' debt, liberalization of world trade, the ecology and scientific-technical cooperation.

To a question concerning the principles of the mechanism of the realization of possible accords there came a very vague response. In the opinion of this "sherpa," the impossibility of formulating a uniform mechanism of economic regulation is explained by the fact that the countries participating in the conference employ noncoincident concepts of the interaction of the micro- and macrolevels of the economy.

The basic subject matter and order of discussion of the problems were thoroughly prepared by the "sherpas," who tried to foresee and smooth over all possible contradictions. It was decided that the participants would not put the "blame" on other countries or demand that they perform the functions of "economic locomotives". There was no mention of the adoption of "joint action programs" (as had been the case at the first Bonn meeting). The main economic theme of the conference--how to take advantage of the certain economic recovery to increase employment--was approved within the framework of a prior arrangement. And this is understandable inasmuch, as GENERAL-ANZEIGER, reflecting the opinion of the federal government, put it, as "unemployment is the main concern and problem of the Western industrial countries."\*

Unemployment in the 1980's has truly become a most burning socioeconomic problem of the capitalist world. Despite somewhat of an economic recovery of the past 2 years, the number of those who have lost their jobs remains very high. The total number of officially registered unemployed in the countries participating in the meeting constituted 22.4 million in 1982, 23.8 million in 1983 and 22.2 million in 1984.

Whereas in the United States and Japan the growth of unemployment has been halted somewhat here, in West Europe it continues. The proportion of unemployed in the total numbers of employed has reached double-digit indicators (percentage) in all West European countries: 13.7 percent in Great Britain (1985), 10.4 percent in Italy (1984), 10.5 percent in the FRG (1985) and 9.7 percent in France (1984). In the United States and Japan this indicator constituted 7.5 and 2.7 percent respectively (1984).\*\*

The majority of participants in the meeting believed, DIE WELT wrote, that the main task should be considered the strategic development of the concept of "the creation of a favorable climate which could contribute to the transformation of economic growth into greater employment".\*\*\* However, this did not happen. The economic declaration "Stable Growth and High Employment" which was adopted at the meeting reflected the basic contradictions between the participants.

\* GENERAL-ANZEIGER, 24 April 1985.

\*\* "Wichtigste westliche Industriestaaten 1985," Wiesbaden, 1985, p 42.

\*\*\* DIE WELT, 30 April 1985.

Disagreements arose primarily on the question of the effectiveness of the use of the two main levels of state-monopoly regulation. The supporters of a stimulation of market principles of the functioning of the economy attempted to impart decisive significance to microeconomic levers, inserting in the final communique the proposition concerning the desirability of a "lowering of the proportion of public spending in the gross domestic product." The supporters of macroeconomic methods of regulation (primarily France and Italy) strove for the inclusion of a very important reservation: "if necessity demands". Such a duality is also contained in the appeal "to remove obstacles to economic growth by way of maintaining initiative and the entrepreneurial spirit," but "while preserving the level of social policy already achieved." The economic declaration went on to say that on the basis of these "jointly formulated principles" each participant determines the accents in his national economic policy independently.

The second major difference concerned methods of resorption of the huge unemployment and determination of its causes. The majority of West European countries concluded that the solution of this problem depends on the state of world-economy relations inasmuch as external markets play a bigger part for the economic development of the region than for the other centers of imperialist rivalry. "International coordinating measures contributing to the increasingly great 'opening up of markets' and the removal of protectionism are essential," the journal SCALA wrote. "This could be the main component of a system of measures to combat unemployment."\*

The West Europeans are expressing particular concern in connection with the policy of high interest rates and the overstated dollar exchange rate brought about by the big U.S. budget deficit (\$213 billion in 1985) and the huge national debt. It is this which is undermining the foundations of the economic recovery in West Europe inasmuch as it is entailing an outflow of financial resources. This is having a negative impact on the situation which has taken shape on the region's labor market.

In turn, the United States accused the West European countries of the fact that the main directions of their socioeconomic policy in the sphere of investments and employment are leading to the mothballing of old types of production. Demolition of the "stagnant structure" could, it believes, contribute to an acceleration of the economic growth rate, which should also be reflected in the level of employment.

The joint position of the West European participants in the meeting was reflected in the economic declaration. It says that "each country will endeavor to create financial discipline in state spending in order to achieve a reduction in the budget deficit." It was not the first time that such general wishes have appeared in the joint declarations. However, agreement on uniform principles of a solution of the unemployment problem was not reached.

\* SCALA No 4, 1985, p 45.

The discussion at the meeting of other economic problems also testified to the continued increase in the instability of present-day capitalism. The declaration calls relations with the developing world a most important factor of the development of the world capitalist economy. There is special emphasis of the need to support "the influx of stable long-term financial resources, direct investments, for example, from the industrial states." The determining role in the solution of the developing countries' debt problems is assigned the IMF and the World Bank, which, as the declaration asserts, "possess the necessary resources and instruments." In addition, the participants in the meeting displayed a readiness to discuss possibilities of increasing the World Bank's financial resources in the next few years.

It should be noted that particular attention had been paid in Bonn to the problem of the mutual relations of the industrial and developing countries on the eve of the meeting. A public dialogue had been conducted in April 1985 between the ruling CDU and the Joint Conference of Churches of the FRG under the slogan "North-South--Joint Future? The Summit and the Third World". It revealed the growing dissatisfaction of the country's public with the system of mutual relations between the industrial and developing countries.

Although Chancellor H. Kohl's report contained a highly optimistic evaluation of these relations, he nonetheless put forward the proposition concerning the need for an "intellectual turn" toward the real needs of the developing countries. Otherwise, the chancellor believed, "by the end of the century, rather, by the start of the next the North-South conflict will have assumed even greater significance than the East-West conflict."\*

Having set forth his views, the chancellor left the rostrum and took one of the seats allocated for journalists. However, speakers' criticism of FRG policy in respect of the developing countries forced him to return to the platform and attempt to justify the federal government's position.

During discussion of the third group of difficulties of the world economy the disagreements were most acute on international trade and the currency system. Despite the extensively publicized "increased economic interdependence," each participant in the meeting attempted to defend primarily his own interests.

And a duality in the approach to the problem was manifested again here also. It might have seemed that all the participants in the meeting would have adhered to a uniform opinion concerning the need for the further liberalization of foreign trade. The declaration even mentioned that "protectionism does not solve problems, it only creates them." It went on to say that the conferees supported the accord arrived at in the OECD concerning the need for a new round of negotiations to be held within the GATT framework "as soon as possible". However, when it came to specific dates, serious differences emerged. As the declaration said, not everyone, only a majority believes that it should be held in 1986.

\* "Gemeinsame Zukunft von Nord und Sued? Der Weltwirtschaftsgipfel und die dritte Welt," Bonn, 19 April 1985, pp 4-5.

Numerous publications prior to the meeting of the "seven" indicated a specific date for the holding of the new GATT round--June 1986. The declaration, however, says that the date is to be coordinated by a special conference of leading officials. The failure to adopt a single specific decision is explained primarily by the fact that two different approaches to the further liberalization of trade had clearly come to light among the participants in the meeting. The representatives of France and Italy insisted on the need to link it with reform of the international currency system. Furthermore, they expressed concern in connection with the possible damage to agricultural producers as a result of an "opening of borders".

In the opinion of certain Western journalists, the decision to refrain from adopting a specific date for the next GATT round occurred with the "tacit approval of the other West European participants in the meeting also." In particular, European Communities Commission President J. Delors characterized the discussion on world trade problems in his report to the European Parliament as "insincere and, furthermore, conducted at an unsuitable time... Europe should determine more precisely whether it is a partner of the United States or a miserable cripple trudging behind."\* Another reason with which the impossibility of determining upon a specific date was justified was the position of the developing countries, which no longer intend accepting possible arrangements of leaders of the "seven" as they should.

As far as international currency problems are concerned, the participants in the meeting confined themselves to noting the intention of the Group of Ten to discuss measures at its next meeting in Tokyo to stabilize the international currency system and prepare proposals for the next IMF meeting (October 1985). Inasmuch as the United States, which is the main culprit of the disorganization of the entire current international currency system, emphatically objected to the convening of a special conference, the communique made no mention even of the need for such.

The participants in the meeting paid a certain amount of attention to ecological problems since catastrophic harm has been caused the environment as a result of the predatory exploitation of natural resources. The declaration set forth an appeal for use of the "mechanism of state supervision and the discipline of the market economy for the solution of ecological problems." Support was expressed for the activity of ecology experts within the framework of the "Technology, Economic Growth and Employment" working group which had been set up following a decision of the meeting of the "seven" in Venice. This group had already determined 18 principal areas of international cooperation in the sphere of scientific research: use of solar energy, photosynthesis, robotics, the spread of new technology to the traditional sectors and so forth. A council of ecology experts was created which will study the interaction of problems of environmental protection with the economic growth rate.

Finally, the last group of problems, which caused acute disagreements, concerned cooperation in the sphere of scientific research and technology. Of course, the general premise concerning the need to increase this cooperation, particularly

\* EUROPÄISCHES PARLAMENT, 6-10 May 1985, p 4.

for the realization of large-scale scientific-technical projects, was put forward. The conferees' great concern at growing American protectionism in the sphere of technology transfers and uncertainty as to the benefit of cooperation with such a partner as the United States came to light clearly here. It was not fortuitous that the magazine DER SPIEGEL wrote prior to the Bonn meeting: "Bilateral technological cooperation with the United States has had a very sorry outcome for the FRG. We have invested much in the way of financial resources in the Shuttle program, but have received practically nothing for this."\*

The economic communique contained the consent of the European Space Agency (and also of Canada and Japan) to participate in the development of a program of orbital stations (manned), but stipulated the "need to maintain proper partnership and an honest and proportional exchange of information, experience and technology." At the same time the West Europeans clearly expressed their aspiration to "maintain and expand an independent European capacity in space and long-term space programs and goals."\*\*

Summing up the meeting of the "seven," the newspaper SUEDDEUTSCHE ZEITUNG poses the question of the point of such conferences. The basis of them is the intention, the newspaper writes, "to create a definite set of instruments for regulating a large part of the world economy." The meetings which have been held have made it possible to formulate "the standard set of basic economic problems" to be discussed. However, all attempts of recent years to convert such conferences into an instrument of world-economy regulation have proven more or less unsuccessful."\*\*\*

The meeting in Bonn showed that of the five problems which were discussed and reflected in the final communique, the most acute contradictions were caused by world-economy relations (including foreign trade and currency relations and cooperation in the sphere of research and technology). This is understandable. After all, ultimately it was not particularly important to any of the participants which mechanism of regulation would be the basis for each individual country to endeavor to impart stability to economic growth, attempt to reduce the huge army of unemployed, implement measures to save the environment and even build relations with the developing countries.

All the participants in the meeting were affected only by problems of world-economy relations, and major differences were distinctly revealed here between the United States and the West European countries. The United States has for a long time now been pursuing a policy (import restrictions, the overstated discount and dollar exchange rates, technological protectionism and so forth) aimed at undermining the existing international division of labor and the use of the resources of the competitor-partners from West Europe in the interests of its own development.

There was no miracle at the Bonn meeting, G. Hammer, well-known commentator of the newspaper WESTFAELISCHE RUNDSCHAU wrote. It "showed once again how markedly European self-assertion has grown in resisting the American giant."\*\*\*\*

\* DER SPIEGEL, 29 April 1985, p 135.

\*\* "Wirtschaftsgipfel Bonn 1985. Schlusskommuniqué," Bonn, 4 May 1985, pp 18-19.

\*\*\* SUEDDEUTSCHE ZEITUNG, 4 May 1985.

\*\*\*\* WESTFAELISCHE RUNDSCHAU, 4 May 1985.

However, discussion of foreign policy problems caused the greatest tension. The political declaration adopted at the meeting "40th Anniversary of the End of WWII" contains many propositions intended to reflect "Atlantic solidarity". In particular, it includes the assertion that "the partnership of North America, Europe and Japan is a guarantee of peace and stability." At the same time the declaration makes no mention even of participation in realization of the American SDI program, which, as is known, means the start of the large-scale militarization of space and preparations for "star wars". But only a few weeks ago, the West German press wrote, "the American Government was hoping that it would obtain approval of this program at the summit."\*

Commenting on the summit, the newspaper UNSERE ZEIT observed that the leading figures of the Bonn government coalition and monopoly capital must not be feeling a sense of satisfaction with its results. Everything had happened differently than had been planned, the date of the meeting in the FRG having been switched specially to the start of May. The demonstration of the unity and friendship of the NATO participants as the political contr'-acte to the peoples' celebration of the 40th anniversary of the victory over fascism did not come about.\*\*

So the Bonn summit did not help solve the basic crisis problems of the world capitalist economy, nor did it help demonstrate the Western powers' "Atlantic solidarity". It reflected a new stage of the growing interimperialist contradictions. And, what is more, the meeting of the "seven" caused an exacerbation of the sociopolitical situation in the FRG.

#### Exacerbation of Contradictions

Of course, the FRG ruling coalition endeavored to portray the results of the Bonn meeting as a big success for its socioeconomic policy and consolidation of its international recognition. "The summit put the emphasis on a strengthening of market principles of the functioning of the economy," the well-known conservative newspaper DIE WELT summed up the meeting's economic results with this headline.\*\*\* The FRG economics minister characterized the result of the meeting as "economic progress". Once again, the journal DER SPIEGEL wrote ironically in this connection, "optimism" is advanced as the miraculous means of solving all problems.\*\*\*\*

Yet the central theme of the Bonn meeting--an analysis of ways and methods of the resorption of the vast unemployment under the conditions of a certain recovery in economic growth--essentially proved to be have been relegated to the background. The federal chancellor and his ministers, the same DER SPIEGEL wrote, tried at the meeting of the "seven" to pursue a strategy similar to that which has been actively employed for some time for "domestic consumption": the government is not responsible for the growing unemployment, it ensues from the lack of flexibility and mobility of the labor market and the exacerbation of the contradictions between the employers and trade unions within the framework of the negotiations concerning the correlation between the length of the work day and wages.

\* GENERAL-ANZEIGER, 19 April 1985.

\*\* UNSERE ZEIT, 10 May 1985.

\*\*\* DIE WELT, 4-5 May 1985.

\*\*\*\* DER SPIEGEL, 6 May 1985.

The essence of this approach was expounded by Chancellor H. Kohl in a special issue of the influential journal AUSLANDSKURIER devoted to the Bonn meeting: "We will endeavor to implement measures aimed at increasing private initiative and not state activity. The two fundamental factors ensuring economic growth and employment are enterprise investments and their innovative activity."\*

However, the CDU's serious defeat at the elections in North Rhine-Westphalia (May 1985), where the level of unemployment is particularly high, showed clearly that such a viewpoint is not supported by the public. It was not fortuitous, therefore, that at the end of May the CDU leadership embarked on a discussion of the problem of employment. The Ministry of Finance confirmed that it was a question of the need to implement a new system of measures in this sphere by way of a stimulation of private and state investments.

The Social Democratic opposition, the trade unions and other organizations and parties have already drawn up specific plans for combating the huge unemployment. In particular, not long before the Bonn meeting of the "seven" (24 April 1985) the SPD submitted for discussion in the Bundestag a draft resolution on the main problems to be discussed at the forthcoming meeting. It observed that under conditions where world economic development "is experiencing serious difficulties the economic summit in Bonn must not become, as was the case in Williamsburg and London, a foreign policy demonstration without any appreciable results.... Mass unemployment in the industrial states and hunger and economic slump in the developing countries--such are the two global challenges of the present day, which can only be solved jointly."\*\*

Former Chancellor H. Schmidt (an initiator of such meetings) declared at the end of April that the Bonn meeting could be considered a success only if it adopted specific decisions aimed reducing unemployment, which is now greater in West Europe than at the time of the 1929-1933 economic crisis. The basic directions of the SPD's current program for combating unemployment were set forth by J. Rau, minister-president of North Rhine-Westphalia, at a meeting of leaders of trade union associations of the countries participating in the Bonn meeting in Duesseldorf (April 1985). They amount to the following: it is necessary to stimulate state investments in the ecology and also to "humanize labor" and allocate it more evenly by way of reducing the work time of the employed. All this will lead to the creation of new jobs. The memorandum of the "trade union summit" observes that "unemployment represents the cancer of modern society."\*\*\*

The German Communist Party offers a precise and specific program of combating unemployment. A statement of its leadership notes the direct need to embark immediately on "purposeful state investments for the preservation of the existing and creation of new jobs of the order of DM20 billion annually and at subsequent stages in a sum total of DM100 billion. All the hope-raising arguments of the reactionary government coalition and capital concerning the "'self-healing market system' and the positive impact of the economic recovery on the growth of employment have been to no avail."

\* AUSLANDSKURIER No 4, 1985, p 4.

\*\* "Deutscher Bundestag," 10, Wahlperiode, Drucksache 10/3239, pp 1, 2.

\*\*\* ZEITUNG AM SONNTAG, 28 May 1985.

Indeed, the FRG's economic situation is characterized by a growth of unemployment even under recovery conditions. In 1984, for example, the increase in the gross domestic product constituted 2.6 percent with a simultaneous increase in unemployment of 100,000. Together with the so-called "vague" figure of unregistered unemployed (1.6-1.7 million) unemployment has reached 4 million and, considering the members of their families, affects 10-12 million. The most frightening social calamity of the present-day capitalist society has thus affected one out of every six inhabitants of this highly developed industrial country. The "new poverty" is spreading to increasingly broad strata of the working people. The real wages of those in work have declined for the sixth year running.

In March 1985 a plenum of the German Communist Party Board approved a special employment program which took account of the interests of all the employed and unemployed. In accordance with this program, it was proposed that state resources in an amount of DM20 billion be invested at once in environmental protection, primarily in equipment for trapping coal dust at heat and electric power plants, extensive housing construction, an improvement in health care and education and urban mass transit and environmentally safe energy supply.

The specificity of the West German communists' program is based on a precise accounting of the main sources of financing. The attempts to use for this purpose various forms of gifts like, for example, "Pfennigs for Saving the Forests" are regarded as a system of additional extortions from the working people. The employment program should be financed from an increase in taxation of the well-to-do strata of the population, an end to the export of capital and, correspondingly, jobs, an immediate reduction in military spending, the strict collection of all tax underpayments from concerns and the strict imposition of penalties for all types of economic crime and, finally, from part of Bundesbank profits totaling DM13 billion. The employment program proposed by the progressive forces points to a perfectly certain prospect of an alleviation of unemployment and is for this reason encountering the support of the FRG public.

The meeting of the "seven" gave rise to widespread protest throughout the country. Representatives of various public organizations and parties (members of the Bundestag from the SPD and the "Greens," trade union and Christian figures, participants in the peace and resistance to fascism movement and so forth) took part. A protest demonstration in which approximately 15,000 persons participated was held in Bonn at the time of the meeting.

So-called public tribunals were conducted in parallel with the summit in the biggest halls of the capital. Approximately 1,500 representatives of the progressive public not only of the FRG but of many other Western countries also assembled on 3 May in the huge Stadthalle. The session of the "public tribunal" lasted from 10 in the morning until 10 at night. "All the current world-economy upheavals emanate from the arms race," the session observed. "Militarization leads to the growth of the U.S. federal budget deficit, whence the high level of bank rate. It is primarily the poor countries and, in turn, the neediest strata of the population which suffer from this."\*\*

\* ZEITUNG AM SONNTAG, 28 May 1985.

\*\* FRANKFURTER ALLGEMEINE ZEITUNG, 4 May 1985.

A broad protest movement was caused by events which occurred after the summit, particularly R. Reagan's visit to the Wehrmacht cemetery in Bitburg, where SS soldiers are buried also. A performance of "reconciliation of former enemies" was enacted over their graves. The monstrous attempt to force the peoples to forget the terrible crimes of fascism is a desecration of the memory of millions of people of various nationalities who have not forgotten those tortured to death in the death camps. All this was intentionally timed to coincide with the 40th anniversary of the surrender of Hitler Germany and gave rise to the indignant anger of the progressive public of the whole world. The disgraceful intention resulted in a shameful failure.

During the preparation of the meeting of the "seven" many leading figures of Western countries and a considerable part of the press were stubbornly calling this event "a world economic summit". However, its capitalist essence was manifested distinctly in the course of the meeting. Despite the increased contradictions between the participants, they "supported in principle the American policy of confrontation with the socialist and also with the developing states," UNSERE ZEIT wrote.\* This was primarily a "capitalist economic summit," which endeavored to formulate new forms and methods of shifting the entire burden of the crisis development of the world economy onto countries and regions of a different socioeconomic persuasion. It was not fortuitous that the official documents contained no mention of the world nature of the Bonn meeting.

But the urgent problems of the development of the world economy demand a solution within the framework of a truly broad international forum. The new level of the production forces of human society urgently demands new forms of world-economy relations which would not lead to the growth of contradictions and antagonisms but contribute to a consolidation of the principles of peaceful coexistence. Such is the imperative command of the times.

\* UNSERE ZEIT, 7 May 1985.

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## ACADEMIC CONFERENCE MARKS 40TH ANNIVERSARY OF UNITED NATIONS

Moscow MIROVAYA EKONOMIKA I MEZHDUNARODNYYE OTNOSHENIYA in Russian No 9, Sep 85 pp 120-123

[A. Akhtamzyan report: "40th Anniversary of the UN Charter"]

[Text] The Association for Assistance to the United Nations in the USSR held together with academy and educational establishments a roundtable conference in connection with the 40th anniversary of the signing of the UN Charter on 26 June. In our country United Nations Year is being conducted as an important international political measure. The Soviet scientific community is participating actively in conferences and symposia and international meetings devoted to the activity of this world organization.

Soviet scholars are studying the experience of the activity of the United Nations for the purpose of its positive application in the interests of the future, the preservation and consolidation of international peace and the prevention of a world thermonuclear war. Opening the roundtable conference, Prof V.F. Petrovskiy, member of the USSR Foreign Ministry Board and doctor of historical sciences, emphasized: "In looking at the path that has been covered by the United Nations and the experience of the past through the prism of its 40-year history we turn our eyes to the future and think about how to preserve everything positive that has been accumulated in the development of international cooperation."

The Soviet Union has emphatically supported and continues to support the reorganization of international relations on a just, democratic basis. The UN Charter, which was adopted back in the "prenuclear era," embodied the new thinking and became the code of rules of interstate relations providing for the peaceful coexistence and cooperation of states of different systems. The principles of international relations enshrined in it are increasingly showing themselves to be an imperative of the nuclear-space age. Essentially it is a question of a renunciation of outdated ideas concerning world politics and a new approach to an evaluation of the realities of the modern era. This means that it is necessary first of all to reject the ideas that a state can ensure its security solely by the military path, at the expense of the interests of other states. It also means a need to ensure security politically, on the basis of negotiations and cooperation. The main lesson from the history of the United Nations is that cooperation between states with different social systems is not only theoretically possible but practicable.

V.F. Petrovskiy recalled the basic provisions of the UN Charter, which remain valid today also and serve as a dependable basis of international cooperation. The basic concept of the charter is expressed in simple and clear words: states must live in peace and friendship, as good neighbors. The peaceful coexistence of states with different systems is the main principle enshrined in the UN Charter. It is essentially a question of imparting the nature of international law to Lenin's principle of the "peaceful cohabitation" of states, regardless of their social systems. The provisions of the charter afforded broad opportunities for the cooperation of different countries--capitalist and socialist, big and small. Particularly important under current conditions is observance of such fundamental principles of the charter as the sovereign equality of states and the unanimity of the permanent members of the Security Council, and the latter should be understood, furthermore, as a positive principle of the adoption of concerted constructive decisions and actions in support of the preservation and consolidation of peace; it does not convey any special rights and advantages but entrusts special obligations and heightened responsibility to the permanent members of the council.

The cardinal task which the United Nations is called on to tackle is ensuring general security. The experience of the United Nations' activity shows the possibility and necessity of states' cooperation for tackling this task. There is every reason today to express satisfaction at the positive role performed in this plane by the United Nations and its specialized institutions. In the 1970's, in the period of the relaxation of international tension, it was precisely within the framework of this forum that it was possible to elaborate and adopt important legal enactments regulating relations between states.

Prof N.I. Lebedev, chancellor of the USSR Foreign Ministry Moscow State Institute of International Relations and doctor of historical sciences, characterized the activity of the USSR and the other socialist states in the United Nations since the time it was formed. The story of the creation of the United Nations testifies that Soviet diplomacy endeavored consistently and persistently to establish in the practice of international relations democratic principles and methods of intercourse between states. The Soviet Union had the leading role in the elaboration of the UN Charter, which essentially embodied the principles of the peaceful coexistence of states with different social systems, as, equally, the principle of the unanimity of the permanent members of the Security Council. Together with the other powers of the antifascist coalition the USSR did everything to ensure that the international organization which was being created correctly serve to preserve and consolidate the peace which had been achieved at the price of tremendous efforts and sacrifices.

Together with the other socialist states the USSR has sought consistently to turn the United Nations into a general security organization. N.I. Lebedev examined in detail the priority directions of the USSR's activity in the United Nations and the large-scale diplomatic initiatives and proposals of the socialist countries aimed at preserving peace and ensuring international security, liquidating colonialism and establishing just democratic principles in relations between states. The proposals of Soviet diplomacy in the United Nations aimed at preventing nuclear war have led to the elaboration and conclusion of a number of most important international treaties. On the eve of the 40th anniversary of the great victory over fascism the USSR presented new initiatives at the General Assembly 39th Session aimed at preventing the militarization of space.

The 40th anniversary of the United Nations shows that, despite certain weaknesses in the functioning of its mechanism, it can serve as an instrument of peaceful coexistence. The activity of the socialist states is aimed at creating conditions for the return of international politics to the path of detente and negotiations and the achievement of agreements and accords taking account of the realities of the nuclear age.

Prof A.A. Roshchin, doctor of historical sciences (USSR Foreign Ministry Diplomatic Academy), devoted his speech to the activity of the Soviet delegation at the United Nations' constituent conference in San Francisco in 1945. As one of its participants, he shared recollections of the acute struggle which occurred at the time of formulation of the UN Charter, particularly on questions of the voting procedure in the Security Council. The United States wanted to impart to the new organization features which would afford it an opportunity to use it in the interests merely of a narrow circle of powers, primarily for the selfish purposes of Washington and London. Ultimately, at the USSR's insistence, principles precluding the possibility of its use by any one power which was a member of the Security Council against another were made the basis of the organization.

Prof O.N. Bykov, deputy director of the USSR Academy of Sciences Institute of World Economy and International Relations (IMEMO) and doctor of historical sciences, who is also a member of the Coordinating Council for Disarmament under the auspices of the UN General Secretariat, dwelt on the organization's activity in the disarmament sphere. The curbing of the arms race and the adoption of practicable measures for arms limitation and real disarmament should be the arterial, pivotal direction of the international organization's activity in ensuring peace and security. Two objective factors decisively determine the conditions of the struggle on disarmament issues: first, the change in the correlation of forces as a result of the creation and strengthening of the world socialist system and the socialist community and also as a result of the achievement of global military-strategic balance; second, the appreciable change in the sociopolitical appearance of the world as a consequence of the liberation from the oppression of colonialism of a large group of countries. Thanks to the participation in the United Nations of new independent states pursuing a policy of nonalignment, this organization has become the most representative world organization and the forum where the most difficult and most acute problems of contemporary international relations may be discussed and resolved in the interests of peace and the peoples' security.

In O.N. Bykov's opinion, the United Nations has made a positive contribution to the change in the very atmosphere in which such problems are discussed and resolved. This applies primarily to questions of the limitation, reduction and complete elimination of nuclear weapons. Of course, problems of the prevention of a nuclear conflict are primarily a subject of negotiations between the United States and the USSR. However, the international community can make its contribution to the creation of a favorable atmosphere contributing to their solution.

The Soviet Union and the other socialist states propose the solution of problems which arise in accordance with the goals and principles of the UN Charter, on the basis of equality and equal security. The United Nations is an important field, where it is possible not only to discuss but also resolve burning questions of disarmament.

The subject of the report of Prof G.I. Morozov, chairman of the Association for Assistance to the United Nations in the USSR and doctor of legal sciences (USSR Academy of Sciences IMEMO), was "The United States and the United Nations". Despite all the diversity of modifications, the essence of the U.S. conception in respect of the United Nations amounts to the fact that the latter should serve Washington's global interests. Whereas in the first years of the United Nations' existence American policy was aimed at taking advantage of the majority, which supported it, to impose unacceptable solutions on other states, now, when the majority of members has no wish to follow the lead of the imperial policy of the United States, the latter is unwilling to reckon with the interests and opinion of the majority on important questions of world politics. It is not fortuitous that in recent years the United States has increasingly found itself isolated in the United Nations.

The United States is attempting to mount a campaign against "the tyranny of an irresponsible majority" aimed essentially at undermining the foundations of the world organization. The speaker examined a number of situations in the United Nations and its specialized organizations where the United States has demonstrated a disregard for the interests of other states for the sake of its ambitions and also its treaty commitments. G.I. Morozov emphasized the particular urgency of the problem of the observance of international treaties. "Treaties must be observed"--this old, but still relevant rule applies in full to a treaty of a special kind--the UN Charter. The Soviet Union regards it as a universal international treaty which has for 40 years been working for peace.

Prof G.A. Vorontsov, vice chancellor of the USSR Foreign Ministry Diplomatic Academy and doctor of historical sciences, delivered a paper on the subject "The UN Charter as an Instrument of Multilateral Diplomacy". The historic changes in the international arena in four decades have changed the appearance of our planet: the positions of the socialist states have strengthened, and the emergent states have begun to perform an active role. At the same time the international situation remains complex and, at times, dangerous. The situation was exacerbated sharply at the start of the 1980's, when many positive results of the detente process characteristic of the 1970's were canceled out by the aggressive forces. M.S. Gorbachev, general secretary of the CPSU Central Committee, observed at the meeting with representatives of the Socialist International's Consultative Council on Disarmament: "If it is not curbed now, the arms race could switch to a qualitatively new phase when uncontrollable processes begin. The situation is further complicated by deliberate actions aimed at undermining international trust and intensifying confrontation in all directions."

In this situation the United Nations, as an instrument of maintaining peace and international security, can and should play a more positive part. The adoption in the United Nations of such important decisions as the resolutions on decolonization, the banning of the use of force in international relations, the reduction in military budgets, the banning of the influencing of the natural environment for military purposes and on preventing nuclear catastrophe testify to the possibility of the successful activity of the world security organization.

What is a realistic formula of security in the nuclear age? There cannot be genuine security based on "deterrence" of the other side or an endeavor to ensure security only for oneself. It is possible only on the basis of observance

of the principle of equality and equal security. The increased efficiency of the United Nations and unswerving observance by all states of the provisions, goals and principles of its charter would seem urgent in this connection.

Doctor of Historical Sciences B.I. Marushkin, head of a sector of the USSR Academy of Sciences General History Institute, analyzed regional concepts of security within the UN framework. The interconnection of regional security with general security is more obvious today than ever. The military-equipment realities of the present day are such that, for example, the spatial factor ceases to be decisive for ensuring security. Historical experience shows that in the past also a war which erupted in one part of the world spread to others: thus wars which began in Europe became world wars. However, the boundary between general and regional security has now narrowed to the utmost.

B.I. Marushkin dwelt particularly on problems of security in Europe--a continent representing a unique example of the close interweave of the security interests of all its states. "Europe," M.S. Gorbachev emphasized, addressing the British Parliament, "is our common home and not a military theater." The Final Act adopted by the All-European Conference in Helsinki 10 years ago determined the rules of peaceful coexistence in the form of 10 principles of relations between states. Formulated in full accordance with the goals and principles of the UN Charter, they form a substantial basis of cooperation between European states.

Summing up the discussion, Prof V.F. Petrovskiy observed that the exchange of opinions on an entire set of questions connected with the significance of the UN Charter and the activity of this organization had shown that "the UN Charter has become an inalienable part of the current system of international relations, and the United Nations itself an instrument of states' multilateral cooperation. The United Nations is not a supranational, suprastate body. It was created for the cooperation of states and the solution of the global problems confronting all mankind, the priority among which is the task of preventing a world thermonuclear war."

The Soviet Union proceeds from the fact that the United Nations may serve as an effective instrument of peace. "If the UN Charter is viewed through the prism of time," A.A. Gromyko emphasized in a message to UN Secretary General J. Perez de Cuellar in connection with the 40th anniversary of the signing of the charter, "there is every reason to say, I believe, that it has passed the test of strength at the most abrupt and dangerous turns of world politics and will preserve its significance fully for the future also." In the face of the increasing attempts on the part of the United States to undermine the foundations of the activity of the international security organization the Soviet Union declares its readiness to take new steps to contribute to the affirmation in the practice of international relations of the just democratic principles on the basis of which the United Nations was founded 40 years ago.

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#### BOOK ON EEC ECONOMIC INTEGRATION REVIEWED

Moscow MIROVAYA EKONOMIKA I MEZHDUNARODNYYE OTNOSHENIYA in Russian No 9,  
Sep 85 pp 133-134

[Yu. Shishkov review: "Lost Illusions"]

[Text] The monograph in question,\* which is of a strikingly expressed methodological nature, makes a tangible contribution to the elaboration of Marxist-Leninist theory of capitalist regional integration. The core of its subject-matter is an assessment of the impact of integration processes on the economy and social development of the member-countries.

The work reveals the apologetic nature of the bourgeois and reformist studies of these problems and shows that the positive consequences of a large regional commodity, capital and manpower market characteristic of the first years of the activity of the EEC as a whole gradually developed into negative consequences. The main attention is concentrated on such key indicators of the position of the working people as employment and unemployment, the movement of the nominal and real wage and the migration of manpower within the framework of the Common Market.

Addressing the first of these aspects, the author shows on the basis of an original analysis of a vast amount of statistical material the almost constant decline in the role of the economically active population in the EEC zone and explains the reasons for this trend, which have little connection with integration factors. As far as the dynamics of employment determined by the demand for live labor on the other hand are concerned, they experience a dual influence on the part of integration. On the one hand the latter has accelerated the economic growth rate (particularly in the technically progressive, export-oriented sectors and in the intensively developing infrastructure) and thereby promoted an increase in employment. But, on the other, it has stimulated the retooling of production and its concentration and efficiency promotion, contributing to a relative decline in demand for manpower. Which is the stronger of the two trends?

\* Yu.A. Borko, "Ekonomicheskaya integratsiya i sotsial'noye razvitiye v usloviyakh kapitalizma: burzhuaznyye teorii i opyt Yevropeyskogo soobshchestva" [Economic Integration and Social Development Under Capitalist Conditions: Bourgeois Theories and the Experience of the European Community], Moscow, Izdatel'stvo "Nauka", 1984, p 256.

In tackling this methodologically difficult problem Yu. Borko provides a dialectically flexible and, evidently, the sole correct answer: "Integration has been a stimulator of manpower demand only in a phase of cyclical upturn, whereas it contributes constantly to a relative reduction in demand since processes of the concentration and capitalist efficiency promotion of production attend all phases of the economic cycle." Furthermore, "the direct impact of a common commodity market on economic growth and, consequently, on the growth of employment is a one-time impact and gradually fades away, whereas the 'dynamic effect' of integration (that is, the intensification of the processes of reorganization and economies in live labor--Yu. Sh.)... is manifested more slowly, but operates considerably longer" (p 68).

Thus integration brought about a growth of employment merely at the first stage, but later become a factor of a relative reduction in demand for manpower. Two further important aspects of the influence of integration on employment are examined thoroughly and in detail. First, the EEC's common agricultural policy, which, as the book shows, has clearly accelerated the ruin of small farmers and the drift of manpower from the countryside to the city. Second, the structural changes in industry, which have been accelerated by integration and which have led to huge movements of manpower between sectors and also economic areas and been accompanied by mass dismissals and the growth of structural unemployment. And although none of these integration factors perform the most decisive role among other causes of the growth of unemployment in the EEC countries (greater significance is attached to the general deterioration in the conditions of reproduction in the capitalist world, demographic trends and the structural reorganization of the industry of the entire capitalist world which began in the 1970's), they nonetheless have undoubtedly made their contribution to the fact that the army of "superfluous people" in the community is now in excess of 12 million.

Another major block of problems examined in the monograph are the dynamics of wages and the distribution of national income. Having critically investigated the hopes of bourgeois theorists and reformist illusions concerning the salutary impact of the common manpower market on the working people's income level, the researcher counterposes to them the Marxist understanding of this problem. He shows convincingly that the dynamics of real wages in the EEC countries have been determined on the one hand by the correlation of supply and demand on the manpower market and, on the other, by the correlation of class forces between labor and capital. As the author observes, the latter circumstance explains the at first sight strange fact that real wages continued to grow in these states in the latter half of the 1970's also, when the situation on the manpower market had changed to the disadvantage of the working people. Unfortunately, the analysis of actual data is taken only to the start of the 1980's, when a new trend toward an absolute decline in the working people's real income had begun to be observed in many EEC countries.

Of particular interest is the cogent refutation of the assertions of bourgeois theorists that the "excessive" growth of wages serves as the main source of inflation and is even negatively reflected in accumulation and investments in production. The work proves on the basis of a large amount of statistical material that the decline in the rate of capital investments as of the mid-1970's was caused by no means by the working people's "overconsumption" conditioned

allegedly by the "excessive" growth of wages and social funds at the disposal of the working class. On the contrary, it was precisely the unchecked accumulation of capital which ultimately came into conflict with the possibilities of consumer demand and the limited capacity of the domestic markets and intensified the contradictions and disproportions in the economic structure and reproduction mechanism (p 126).

The book discursively examines the Common Market's impact on the migration of manpower between member-countries. We would mention just one aspect of this problem here--the evaluation of the economic consequences and the so-called "social cost" of migration. Having campaigned in the 1950's and 1960's for the immigration of cheap manpower, in the 1970's bourgeois theorists of the most developed EEC countries changed their viewpoint sharply and began to stress the negative consequences of importing manpower for the national economy. Yu. Borko reveals the reasons for this turnabout, refuting their arguments point by point, including the proposition concerning the alleged disproportionate "social cost" of foreign manpower. He shows convincingly that the international migration of manpower "represents a form of inequality and nonequivalent exchange reflecting the dependence of the more backward and poorer countries on the highly developed capitalist states" (p 170). Unfortunately, such an increasingly intensifying social problem as the appearance of a new generation of citizens in the countries of immigration (the children and grandchildren of immigrants)--"second-class" people, as a rule, lacking modern education and condemned from the very outset to social inequality--remained on the sidelines.

The author attentively investigates the problem of "social harmonization," that is, the approximation of the levels of economic and social development of countries and individual regions of the EEC. He shows on the basis of a careful analysis of statistical data that the trend toward approximation of the basic parameters of the well-being of the population which was observed in the initial period of the functioning of the community was later replaced by the opposite trend: economic and social differentiation here has intensified, increasing the intrinsic imbalance in the economic complex.

It is a pity, it is true, that the qualitatively new socioeconomic situation which has taken shape in the EEC countries in recent years was not duly illustrated and explained in the book. Such an important aspect as the socioeconomic consequences of the entry into the Common Market of Greece and also Spain and Portugal--countries with relatively cheap manpower, less developed industry and a multitude of other singularities which are complicating the social situation in the community--also remained in principle beyond the field of vision.

The monograph culminates in an analysis of the EEC's belated attempts to elaborate and implement a joint or, at least, coordinated social policy in view of the growing problems in this sphere, which threaten acute class conflicts. The author justifiably concludes that despite the efforts which have been made, along the lines of expanding the corresponding EEC fund included, the community's social policy has not reached the frontiers implied by the "European Social Union" formula. Besides, the EEC mechanism has not ensured even the proper coordination of the members' actions in this sphere.

Yu. Borko's work reveals convincingly the class nature of capitalist integration. It dispells step by step the social illusions nurtured in connection with the creation of the Common Market by on the one hand the participants' ruling circles, and on the other, a certain part of the working people deceived by reformist concepts.

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#### UK BOOK ON EAST-WEST TRADE, SECURITY POLICY REVIEWED

Moscow MIROVAYA EKONOMIKA I MEZHDUNARODNYYE OTNOSHENIYA in Russian No 9,  
Sep 85 pp 137-139

[I. Makarov, V. Rodionov review: "Blind-Alley Strategy"]

[Text] It is difficult to find another sphere of international economic relations in which politics and economics are as closely connected as East-West trade-economic relations. This connection has become even more obvious and graphic in the 1980's. The reason is the endeavor of the present U.S. Administration to restore its role of "leader of the Western world," using to this end a policy aimed at undermining detente and confrontation with the socialist states. It is not surprising that the hegemonist aspirations of Washington officials have done serious damage to the economic relations of the socialist community countries and the capitalist powers. Being heard increasingly often are the questions: will it be possible to preserve what was gained with such difficulty in the past 15 years and to proceed further along the path of cooperation? What are the prospects for the development of East-West economic relations?

The work in question, "Western Security and Economic Strategy Towards the East,"\* by the British economist David Buchan, an employee of the FINANCIAL TIMES, which was published in a series of scientific publications of the London International Institute for Strategic Studies, is intended to make good the lack of studies which the author believes exists uniting the various approaches to the development of economic relations with the socialist countries which exist in the West on both the multilateral and national levels (p 1).

The main purpose of the study, which has been constructed on a vast amount of material of official publications and also information which the author has gleaned from private conversations with leading figures of the Western world, is the formulation of the principles of a uniform foreign economic strategy in respect of the socialist countries which takes account of the realities of the 1980's.

\* David Buchan, "Western Security and Economic Strategy Towards the East," "Adelphi Papers," No 192, International Institute for Strategic Studies, London, Heffers Printers Ltd., Cambridge, Autumn, 1984, p 54.

Naturally, the formulation of such a difficult task required an examination of several alternative approaches to this problem--of the United States, its West European allies and Japan--and substantiation of the more realistic ideas, which are distinguished from the odious position of the R. Reagan administration. At the same time it is difficult, of course, to expect of a representative of bourgeois science a truly objective examination of the broad spectrum of East-West economic problems. For this reason the work, which contains together with correct judgments many tendentious points, leaves the impression of a duality of evaluations, conclusions and recommendations.

Thus with formulation of the question for discussion of whether the West is capable in refusing supplies of advanced technology to the East of making the development of the Soviet economy more difficult and forcing the USSR to transfer some resources from the defense to the civilian sectors (p 4) the author intrudes upon the essence of the arguments being conducted in the bourgeois press and at various forums. It is indicative that he dissociated himself from the manifestly falsified arguments of Washington officials and approached more realistic conclusions concerning supplies of science-intensive technology to the CEMA countries. The proportion of the latter in the West's exports to the socialist countries, D. Buchan estimates, is not much different from its share of total exports to the rest of the world, and the corresponding supplies have not, furthermore, "made a significant contribution" to the Soviet Union's economic development (p 7).

Unfortunately, when subsequently the researcher descends to prolix arguments concerning the "contribution" of Western science-intensive technology to the qualitative progress of the arms of the Warsaw Pact countries, objectivity definitely fails him. Without resorting to direct claims, he presents the material such that the reader gains the impression of the quite extensive borrowing of advanced Western technology by the USSR's defense sectors. Yet the scale of the Soviet Union's scientific-technical potential, which has enabled it in a very short time to tackle most important and difficult tasks both in the civilian sectors and in the defense sphere, is widely known. Any speculations on this score are groundless.

The subsequent analysis of the differences in the approaches of the United States, its West European allies and Japan to the development of economic relations with the CEMA countries testifies sufficiently convincingly to Washington's firm intention to consolidate itself in the role of leader of the Western world not only in the military but also technology and trade spheres.

The multitude of insoluble contradictions rendering the United States' trade-economic and currency-finance relations with the West European states is forcing Washington to resort again and again to power politics. Since the start of the 1980's the main instrument of exerting pressure on them in the economic sphere have been high interest rates, which have ultimately forced the majority of West European countries to virtually acknowledge their impotence in the face of the dollar and essentially to pursue an anti-European policy to please America. It was precisely the pretensions to the role of "leader of the West" underpinned by the United States' relatively lesser dependence on trade with the East which were, D. Buchan believes, a principal reason for the R. Reagan administration's hard-line approach to the development of economic relations with the socialist world.

Unfortunately, Washington's unprecedented pressure on its allies was successful in a number of areas, and the latter, giving way, consented to certain changes in the work of the ill-reputed COCOM. The author highlights here the adoption of the United States' proposal concerning the creation of lists of so-called "deferred technology" (civilian technology with, in the opinion of NATO circles, potential military significance), exports of which could be embargoed, and also the agreement banning sales to the East of computers, software and telecommunications equipment. At the same time, however, he observes, the question of adding to the control lists formulas, production process instructions, illustrations and so forth of "pure technology" has evoked heated debate in COCOM.

Although the supporters of a hard line in relations with the socialist states still predominate in the U.S. ruling circles, this position of Washington's is shared by far from everyone even in the United States itself, not to mention its partners. The most competent representatives of business circles of the Western world are advocating the preservation and expansion of scientific-technical and trade-economic exchange with the socialist countries, considering it mutually profitable. Thanks to the resistance of the supporters of the development of trade-economic relations with the socialist countries, D. Buchan concludes, the United States' trade policy in respect of the USSR has become less rigid as of September 1983 than in the period 1980-1982 (p 27). Indeed, as official OECD statistics show, a trend toward an increase in East-West trade exchange has been discerned following 3 years of decline.

Analyzing the possibility of the notorious "dependence of the West" on the CEMA countries as a result of the singularities of the commodity exchange of nonmilitary products, the author criticizes the supporters of such a viewpoint (pp 30-35). Thus, he believes, the narrowness of the list of East-West commodity exchange and the large share of individual items thereof for each side (the West European states' imports of energy resources, the Soviet Union's grain purchases) are leading not to the one-sided dependence of the West or, correspondingly, the East but to a kind of interdependence in the acquisition of vitally important commodities. D. Buchan does not refrain here from a prejudiced criticism of the structure of the socialist countries' exports (pp 30-35). It should be recalled here that in the 1970's the CEMA countries, which purchased machinery and equipment in the West on a greater scale than they sold such, did this not only in view of the rapid rate of economic development and a certain lagging of domestic machine building but also to a considerable extent on account of a multitude of unfair discriminatory restrictions. Furthermore, the British economist virtually leaves out of consideration license exchange, where the imbalance is far less. Nor is account taken of the "transfer" of theoretical knowledge, in which the positions of the CEMA countries are particularly strong: it is they which account for approximately one-half of all inventions in the world.

The author cannot, however, be denied consistency when he extends his sympathies toward the East-West interdependence concept in commodity exchange to the sphere of finances. And there is no simple answer, he believes, furthermore, to the question: "which side is more dependent?" (p 38). True, D. Buchan claims that state support of Western export credit to the CEMA countries affords the socialist partners one-sided advantages. On the other hand, he rightly observes

that credit manipulation in relations with the East is affording the Western world neither political nor economic benefits.

In the final chapter of the work the author again demonstrates the bourgeois-class essence of his position, which is conservative, on the whole. He unashamedly urges a "differentiated policy" in respect of individual socialist states (p 48). Narrowness and stagnation of thinking result here in a desire to revive the West's bankrupt line aimed at undermining the unity of the socialist community. Only on this occasion it is proposed using an extensive arsenal of economic weapons. Among these are all possible measures of encouraging "reforms" in individual socialist states, which, according to D. Buchan, will contribute to "eroding" their community, and various privileges for the socialist countries which have "pleased" (for example, a lessening of Western protectionism and an increase in import quotas for commodities from these countries). Use of the mechanism of reclassification of the debtor-countries adopted in the OECD is recommended in the sphere of extending credit for exports. The activity of the IMF also represents, the British economist believes, a promising channel of Western governments' "influence" of the domestic economic policy of individual socialist states (p 50). It is not inappropriate to recall in this connection that such attempts have been made before, and their result is well known, what is more.

Summing up, we would note the contradictoriness of the author's approach to the problems he analyzes. He is among the West European supporters of the viewpoint according to which an improvement in East-West political relations is a substantive factor of the shaping of a normal climate in trade-economic relations with them. The United States, which has always pretended to the role of "global" arbiter, has not considered West Europe its "reliable" partner for a long time, accusing it of "moral disarmament" for the sake of obtaining trade benefits.

Washington's imperial ambitions combined with power politics are forcing the West Europeans, to please it, to consent to a certain winding down of trade-economic relations with the socialist countries. But they have seriously exacerbated the United States' contradictions with its allies. These differences are not fortuitous and show West Europe's far greater interest than the United States in the stability of economic relations with the East.

The duality and inconsistency of the said approach are also reflected in the work in question and the author's attempts to combine the opposite interests of the United States and its West European partners and in his "jumping from side to side," when perfectly realistic opinions and evaluations "peacefully coexist" with conservative opinions. It should be said, however, that the wealth of factual material contained in the work in itself affords the reader an opportunity to construct far more cogent objections to the Western world's reactionary circles than those to which D. Buchan at times resorts.

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BOOK ON URENGOY--UZHGOROD PIPELINE PROJECT REVIEWED

Moscow MIROVAYA EKONOMIKA I MEZHDUNARODNYYE OTNOSHENIYA in Russian No 9,  
Sep 85 pp 139-141

[A. Kunitsyn review: "Facts as Opposed to Inventions"]

[Text] It is not often that a researcher has a chance to deal with phenomena which reveal to the utmost the essence of what is going on. It is among such phenomena that the installation in the USSR in an unprecedentedly short time of the major Urengoy--Uzhgorod export gas pipeline, which has gone down in the history of the 1980's under the name of "project of the century," pertains. Diverse, frequently mutually exclusive economic, political and ideological interests and aims of the leading capitalist states in the sphere of relations with the socialist countries were manifested distinctly in the dramatic nature of the international political struggle surrounding its realization.

The exacerbation of the international situation provoked by the most reactionary imperialist circles and their return to a policy of diktat and pressure on the socialist community narrowed the spectrum of East-West economic cooperation and noticeably poisoned its moral-political climate. Having taken a path of economic "sanctions," the leaders of the United States and NATO moved to wind down trade and production and scientific-technical relations with the socialist countries, giving as their reasons for this an endeavor to prevent the strengthening of the "potential enemy". Foaming at the mouth, certain figures in the West expatiated on the "immoral nature" of economic cooperation with neighbors in the East and questioned its expediency for the "Atlantic community". Under these conditions the development, commercial preparation and implementation of the new trans-European energy superproject were a most serious test of the strength of the principles of the mutually profitable cooperation of states with different social systems which had become established in the detente years. As the work in question\* convincingly shows, these principles have confirmed their vital correctness under the new conditions also.

The facts adduced in the book testify that cooperation between East and West Europe in the energy sphere is an objectively inevitable process. It is conditioned by both natural-geological and political-economic factors. The author observes that compared with the start of the century power generation in the world has increased approximately 12-fold and adduces estimates according to which in the period from 1900 to the year 2000 mankind will have expended more than 10 percent of recoverable mineral fuel (p 24). Inasmuch as resources of nonrenewable sources of energy are limited the question arises in practice even

\* A.S. Drabkin, "'Proyekt veka': fakty i domysly" ["Project of the Century": Facts and Inventions], Moscow, Izdatel'stvo "Mezhdunarodnyye otnosheniya", 1984, p 151.

now of ways of further developing world power engineering, primarily of the more extensive use of such renewable sources as solar, wind, geo- and hydrothermal, hydropower, photosynthesis, biological conversion and others, the aggregate potential resources of which are truly inexhaustible.

Analyzing the state and prospects of the development of the energy situation in the world, A. Drabkin concludes that "on the eve and at the outset of the 21st century a most serious reorganization of the entire energy complex and a transition to the extensive use of new energy sources await mankind" (p 36). In the transitional period, however, the role of natural gas would seem particularly important. As chemical raw material and fuel, it has considerable economic and ecological advantages over other types of minerals. The book observes that contemporary economic thought puts the "blue fuel" among the factors which are increasing the general competitiveness of national economies on the world market. This is the main reason for the rapid introduction of natural gas in industry and the fuel-energy balance: in the period 1950-1983 its world consumption leaped eightfold and is now in excess of 1.5 trillion cubic meters a year (p 4).

However, the privilege of the extensive use of natural gas is as yet possessed by a comparatively small group of countries. According to the estimates adduced in the work, the United States accounts for the bulk of the reserves of natural gas which have been prospected in the zone of developed capitalism. Less than 30 percent is concentrated in West Europe, and these reserves were discovered quite recently, what is more. Even now, when the active exploitation of the West European deposits is under way, West Europe's total consumption constitutes approximately 250 billion cubic meters of gas a year or half as much as the United States (p 5). And West Europe evidently cannot count on a significant increase in consumption from its own resources, furthermore.

Under these conditions the natural partner of the West Europeans in introduction to "gas civilization" is the Soviet Union, which has huge reserves of this valuable energy and chemical raw material, great experience of the development of the deposits and the ramified infrastructure necessary for its production, shipment and treatment. This is an economic reality with which everyone, including the opponents of East-West commercial cooperation, have to reckon.

In the period 1970 through 1981, the monograph observes, West Europe increased its imports of natural gas from the USSR from 1 billion cubic meters to 27 billion cubic meters a year, "which was somewhat more than one-tenth of total consumption of the 'blue fuel' on that side of the continent. In the same period the USSR increased its annual export proceeds from these gas supplies from R13 million to R2.9 billion respectively, which also was somewhat more than one-tenth of the Soviet Union's total proceeds from exports to West Europe" (p 6).

The objective dependence of East-West economic cooperation conceals a most important reason for the unrealistic and ultimately ineffective nature of the American policy of undermining it. F. Engels once observed that if the policy of a state is aimed "against economic development," "it will fail after a certain interval of time,"\* An eloquent illustration of this is the complete

\* See K. Marx and F. Engels, "Works," vol 37, p 417.

failure of the U.S. Administration's attempts to prevent the installation in the USSR of the new export gas pipeline with the participation of a number of West European countries, which is described in detail in the book.

The monograph is not without shortcomings. Among these is primarily the frequent and not always warranted use of the summary style of exposition, sometimes to the detriment of the analysis. The same may be said about the fragmentary nature of the supply of material. It is difficult to agree with the author's proposition concerning "energy abundance" (p 34). Life persuades us that such a proposition is baseless both from the theoretical and practical viewpoints. The energy "abundance" is by no means free, and it is more expedient to channel resources into production of the end product. For this reason it is evidently more correct to speak of the adequacy of energy production to man's requirements. A fuller illustration of the questions connected with energy economies would have been justified in such a book.

A. Drabkin interprets the question of the association of a number of West European states with the American economic "sanctions" in respect of the socialist states simplistically and, we believe, not wholly correctly. He writes that these steps were taking proceeding from "Atlantic solidarity" and were an "obvious inconsistency" in the policy of the EEC countries (p 110). It would seem that in this case the West European "nine" (as is known, Greece declined to support the aggressive economic measures against the USSR and Poland) was not so much the object of American pressure but frequently the subject, and quite active at that, of the pursuit of the policy of economic pressure on the socialist countries. It would be a mistake to underestimate this element in the political strategy of the EEC. At the same time, however, it has to be recognized that such a policy is objectively contrary to the interests of the West European countries inasmuch as trade-economic cooperation with the socialist countries is a factor contributing to a strengthening of West Europe's positions in mutual relations with the two other imperialist "power centers".

Packed with striking facts and documentary evidence, A. Drabkin's book represents a useful contribution to the study of the current trends and strategems of the economic policy of the developed capitalist states in respect of the socialist community countries.

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## BOOK ON UK MILITARY POLICY IN EUROPE REVIEWED

Moscow MIROVAYA EKONOMIKA I MEZHDUNARODNYYE OTNOSHENIYA in Russian No 9, Sep 85 pp 143-144

[A. Likhotal' review: "Great Britain in European Politics"]

[Text] The increased danger to general peace emphasizes particularly strongly the ponderability and significance for the future of the positive changes which have occurred in Europe, where the coming into being and strengthening of detente--a most valuable achievement of the 1970's--had a profound salutary impact on mutual relations between states of opposite social systems.

The question arises in this connection: do the basic factors which brought the process of European detente into being and determined its successes in the 1970's still operate? What is contributing to and what is impeding the continuation and extension of this process in the current decade?

Considering Britain's great significance in international affairs and European politics in particular, it has to be acknowledged that the answer to the questions that have been posed largely depends on the degree of accuracy of our ideas concerning the goals, tasks and driving forces of this state's military policy in Europe. Besides, as the author of the monograph in question\* rightly observes, study of the country's military-political course and the approaches of its leadership to questions of ensuring security and disarmament "affords an opportunity to examine on the basis of a specific example the complex interaction of two trends present in the policy of the North Atlantic allies: an orientation toward increased armed opposition to the socialist community and the policy of achieving agreements concerning military-political aspects of security and problems of disarmament" (pp 4-5).

Examining Britain's military-political course in Europe in the 1970's-1980's, G. Kolosov endeavors to ascertain its singularities and causes. Together with this the book pays attention to changes in the correlation between Britain's North Atlantic and West European military-political and military-industrial relations, the nature of their combination and likely prospects in this field

\* G.V. Kolosov, "Voyenno-politicheskiy kurs Anglii v Yevrope" [Britain's Military-Political Course in Europe], Moscow, Izdatel'stvo "Nauka", 1984, p 240.

in the course of the further formation of the West European imperialist center. Also of interest is the author's attempt to trace how the goals of the British ruling circles in the military-political sphere and also the corresponding concepts are reflected in government decisions determining primarily the development of the armed forces, military cooperation with the NATO allies and arms production.

Proceeding from Lenin's proposition concerning the inseparable connection of domestic and foreign policy, the author poses the question of the domestic political driving forces of British policy, the specific features of the behavior of Conservative and Labor governments and the general alignment of forces in Great Britain on the basic military-political problems of the present day.

Revealing certain regularities of the evolution of London's policy in the aspect in question, the author has shown the scale of the correlation and mutual influence of British policy proper on the one hand and the multilevel phenomena of current international relations on the other. For example, analyzing the reasons for the Conservatives' higher-than-usual interest in the idea of Anglo-French cooperation in the nuclear sphere on the eve and at the outset of the 1970's, G. Kolosov is obviously not in error in linking this interest with the crisis of NATO, increased pressure in the U.S. Senate in support of a reduction in the numbers of U.S. troops in Europe and the start of the bilateral Soviet-American SALT talks (p 71).

The book reveals sufficiently clearly the role of the changes in the correlation of forces of the states of the two systems and the creative, aggressive nature of the peace-loving foreign policy of the Soviet Union and the socialist community as most important factors influencing the evolution of Great Britain's military-political course. However, it would seem, the author has quite undeservedly left practically on the sidelines the question of the influence of such an inalienable component of the current international situation as strategic parity on the dynamics of the development of interimperialist relations in general and within the framework of West Europe in particular. After all, it has essentially been precisely this parity, having played the part of a kind of catalyst of the crisis of NATO's so-called "flexible response" escalation strategy, which has conditioned the main "keys" of the formation of London's military-political course. Obviously, had the researcher not remained silent about this set of important questions, he would have avoided, we believe, several superficial or, possibly, unsuccessfully formulated conclusions concerning the attitude of Great Britain's ruling circles toward the American concept of a limited nuclear war in Europe. Thus the proposition that the "U.S. Administration's advancement of the 'limited' nuclear war in Europe concept encountered the support of the Conservative leaders" (p 22) does not appear that convincing. Without going into details, I would like to mention that, it seems to the reviewer, London's military-political course, the basis of which is the notorious "nuclear restraint" concept, is aimed under the conditions of military-strategic balance at "tying," so to speak, the United States to West Europe in the military-strategic plane (in NATO jargon, "preventing a rupture of the strategic unity of the Atlantic security zone"). Thus, British ruling circles believe, the possibility of a nuclear conflict confined to the European framework would be removed. Of course, this does not mean that such a myopic

policy, which is dictated by a concern for the increased "effectiveness and reliability" of American security "guarantees," is not objectively leading to a deterioration of the situation on the continent. On the contrary, the military-political course of the Conservative leadership, while strengthening the illusory hopes of the aggressive circles of American imperialism of the possibility of the "controlled" use of nuclear weapons, is in fact contributing to a lowering of the level of security which exists in Europe and an undermining of the stability of the international situation.

Incidentally, what has been said merely confirms the interconnection, which the author was entirely correct to note, of various aspects of British foreign policy, particularly of London's military-political course, and questions of mutual relations with the allies. He shows convincingly that the British Conservatives' negative position on a broad range of issues of European detente is largely explained by the British ruling circles' endeavor to reserve for Great Britain the role of leader of the West European grouping in the military-political sphere and main connecting link between West Europe and the United States. "The position of leading West European power in NATO," the monograph observes, "supported by the appropriate military power and a developed military industry, has been used mainly to preserve and strengthen Britain's positions in West Europe and the privileged cooperation with the United States" (p 238).

The research is based on an extensive and firm foundation of predominantly documentary material. The book has used a large number of works of Soviet and foreign authors and press material. This has made it possible to adduce certain supplementary data or make new assessments of known facts and events. Thus, for example, the readers will be interested to learn that, contrary to the prevailing opinion, "the first proposal concerning the establishment of Anglo-French cooperation in the sphere of nuclear weapons was put forward not by E. Heath, with whose name it is usually linked, but a Labor Party figure, F. Mulley, back at the end of the 1950's (p 69). At the same time it is to be regretted that the author did not find an opportunity to avail himself of foreign literature published in the 1980's connected with the subject of the research, confining himself mainly to monographs published earlier.

Summing up, it may be said that British studies-international affairs scholars have acquired a new work which to a large extent clarifies our ideas concerning the basic factors of the formation of Great Britain's military-political course in the current situation.

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